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Shri Brihad Bhartiya Samaj

on 31 October, 2019

LIST OF MEMBERS.

President.

The Hon'ble Sir E. D. Maclagan, K.C.I.E., C.S.I., I.C.S., Secretary to the Government of India, Department of Revenue and Agriculture.

Registrars.

M. R. Ry. Diwan Bahadur L. D. Swamikannu Pillai Avargal, M.A., B.L. LL.B., Registrar, Co-operative Societies, Madras.

R. B. Ewbank, Esq., I.C.S., Registrar, Co-operative Societies, Bombay.

J. M. Mitra, Esq., M.A., Registrar, Co-operative Societies, Bengal.

B. A. Collins, Esq., I.C.S., Registrar, Co-operative Societies, Bihar and Orissa.

A. C. Chatterjee, Esq., I.C.S., Registrar, Co-operative Societies, United Provinces.

A. Langley, Esq., I.C.S., Registrar, Co-operative Societies and Joint Stock Companies, Punjab.

A. E. English, Esq., I.C.S., Registrar, Co-operative Societies, Burma.

H. R. Crosthwaite, Esq., Registrar, Co-operative Societies, Central Provinces.

A. R. Edwards, Esq., I.C.S., Registrar, Co-operative Societies, Assam.

Gustav Haller, Esq., Registrar, Co-operative Societies, Coorg.

Rai Sahib Munshi Gopi Nath, Registrar, Co-operative Societies, Ajmer-Merwara.

M. R. Ry. M. A. Narayana Iyengar Avargal, B.A., B.L., Registrar, Co-operative Societies, Mysore.

Manilal Balabhai Nanavati, Esq., B.A., LL.B., Registrar, Co-operative Societies, Baroda State.

Visitors.

J. Mackenna, Esq., M.A., I.C.S., Officiating Agricultural Adviser to the Government of India.

S. Wilberforce, Esq., I.C.S., of the Punjab.

C. E. Low, Esq., C.I.E., I.C.S., of the Central Provinces.

Thakur Thamman Singh, Assistant Registrar of Co-operative Societies, United Provinces.

A. H. C. Hamilton, Esq., Bar.-at-law and Chairman, Prayag Central Co-operative Bank Limited, Allahabad.

Rao Sahib K. G. Damle, Chairman of the Akola Central Bank, Ltd.

R. S. King, Esq., Jhanjharpur, District Darbhanga.

Rai Sahib Beni Madho Prasad of Nawada, District Gaya.

M. R. Ry. K. Ramaswami Aiyar Avl., B.A., B.L., Secretary, Madura-Ramnad Co-operative District Bank, Limited.

The Hon'ble Mr. Lalubhai Samaldas of Bombay.

R. G. Naik, Esq., Honorary Organiser, Belgaum.

Babu Purna Chandra Chaudhuri, Secretary, Pabna Central Co-operative Bank, Limited.

Chaudhuri Muhammad Ismail Khan, Zamindar, Bakarganj (Director, Barisal Central Co-operative Bank, Limited).

The Hon'ble Malik Muhammad Amin Khan, Shamsabad, Attock District.

Sardar Kishen Singh, Honorary Magistrate, Bham, Batala Tahsil, Gurdaspur District.

Secretaries.

A. Langley, Esq., I.C.S., Registrar, Co-operative Societies, Punjab.

F. Noyce, Esq., I.C.S., Under-Secretary to the Government of India, Department of Revenue and Agriculture.

Programme of the Seventh Conference of Registrars of Co-operative Societies to be held at Simla from 16th to 18th October 1913.

I. General progress in the several provinces.

II. Practical difficulties in the management of rural societies. (Mr. M. G. Deshpande, Central Provinces.)

III. The safe custody of money by village societies. (Mr. A. Langley, Punjab.)

IV. Government *takavi* loans to members of co-operative societies in times of famine and scarcity and in other years. (Mr. A. C. Chatterjee, United Provinces.)

V. The best method of dealing with the old debts of members of co-operative credit societies. (Rao Sahib K. G. Damle, Central Provinces.)

VI. Future interest decreed by civil courts in suits instituted by co-operative societies. (Mr. A. C. Chatterjee, United Provinces.)

VII. The necessity for a simple procedure for ascertaining the debts of members or prospective members of co-operative societies. (Mr. J. M. Mitra, Bengal.)

VIII. The best method of calculating working capital. (Mr. J. M. Mitra, Bengal.)

IX. Desirability of framing rules for the supply to the public of certified copies of public documents relating to co-operative societies. (Mr. J. M. Mitra, Bengal.)

X. Limitation of loans to members in share banks to a certain multiple of their share-holding. (Mr. J. M. Mitra, Bengal.)

XI. The form in which the reports of Provincial Co-operative Conferences should be drawn up.

XII. The necessity for defining and standardizing certain terms commonly used in co-operative societies. (Mr. R. B. Ewbank, Bombay.)

XIII. The remittance of money between societies. (Mr. A. Langley, Punjab.)

XIV. Method of showing the reserve fund in the annual returns.

XV. Co-operative banks and popular education. (Mr. H. R. Crosthwaite, Central Provinces.)

XVI. Cattle insurance. (Mr. A. E. English, Burma.)

XVII. Government assistance to cattle insurance societies. (Mr. Gustav Haller, Coorg.)

XVIII. The organization of co-operative dairies. (Mr. A. C. Chatterjee, United Provinces.)

PROCEEDINGS

OF

The Seventh Conference of Registrars of Co-operative Societies in India which met in Simla on Thursday, Friday and Saturday, the 16th, 17th and 18th of October 1913.

The Hon'ble Sir Edward Maclagan, in opening the Conference, explained that it had been Sir Robert Carlyle's intention to open the Conference with a short speech, but as there had been some difficulty about the abstract figures showing the progress in the several provinces, he has postponed doing so until Saturday, the 18th October. In the meantime the programme was to go through the subjects, as far as possible, and then, after lunch, to have two Sub-Committees. On the following morning the discussion on the subjects left over would be resumed. As regards the figures there appeared to be some mistake. For instance, if the figures which had been supplied were examined, it would be found that under Head (*c*) "Capital-Loans from other Societies" the amount of loans last year was 110 lakhs and this year it was 16 lakhs. There must, therefore, be some mistake or some change in classification. What was proposed was that in the afternoon, before the two Sub-Committees met, the Registrars should compare the figures and point out any obvious mistakes. The names of the members of the Sub-Committee had been entered in the programme which has been supplied to the Conference. The members mentioned were the official members only. He would like to know if any non-official members would like to join either of these Sub-Committees.

The Sub-Committees were then constituted as follows:—

Sub-Committee I.

Mr. A. E. English (*President*).

Mr. J. M. Mitra.

Mr. A. C. Chatterjee.

Munshi Gopi Nath.

M. R. Ry. M. A. Narayana Iyengar Avl.

Mr. A. H. C. Hamilton.

Mr. J. Mackenna.

Mr. R. G. Naik.

Mr. R. S. King.

Sub-Committee II.

Mr. A. Langley (*President*).

Mr. H. R. Crosthwaite.

Mr. A. Collins.

M. R. Ry. L. D. Swamikannu Pillai Avl.

Mr. Gustav Haller.

The Hon'ble Mr. Lalubhai Samaldas.

M. R. Ry. K. Ramaswami Aiyar Avl.

Sardar Kishen Singh.

The Hon'ble Malik Muhammad Amin Khan.

Mr. S. Wilberforce.

Rao Sahib Beni Madho Prasad.

SUBJECT No. I.—General progress in the several provinces.

At the request of the President the Registrars gave the following short statement of progress in their various provinces during the past year :—

Madras.

During the Co-operative year 1912-1913 ending on 30th June 1913, the number of Central Banks rose from 6 to 7 and of administrative unions from 3 to 4. In the former the membership increased from 643 to 835 individuals, and in the latter from 60 to 93 societies. The increase in the number of non-agricultural societies was from 47 (13,507 members) to 59 (17,841 members), while that of agricultural societies was from 916 (52,006 members) to 1,008 (64,007 members). The largest number of societies was in the districts of Chingleput (193), Anantapur following close with 148 societies, while the smallest numbers were in Ganjam (4), and Bellary (3). The total working capital of central societies (including unions) was Rs. 40·39 lakhs, of non-agricultural societies Rs. 10·70 lakhs, and of agricultural societies Rs. 44·38 lakhs. Loans granted by non-agricultural societies in the year amounted to Rs. 8·43 lakhs, while agricultural societies lent Rs. 23·05 lakhs against Rs. 22·01 lakhs during the previous year. Three grain banks, three societies for teachers, one society for coolies employed in loading salt at the Salt Cotaurs, Madras, one society for scavengers in the Salem Municipality, are features of interest in the year's report. The net profits of central, non-agricultural and agricultural societies for the year were respectively Rs. 76,604, Rs. 55,500 and Rs. 1,03,000 against Rs. 54,245, Rs. 40,550, and Rs. 67,176 respectively in the previous year. The total reserve fund of all societies rose from Rs. 3,00,986 to Rs. 4,43,357 on 30th June 1913. One provincial and five district conferences were held during the year. Only 106 new societies were organized during the year against 376 new societies in the previous year, but a good deal of attention was paid to the condition of existing societies whose affairs were thoroughly overhauled

The total cost entailed to Government by the working of the act during the year was Rs. 92,610 against Rs. 80,128 in the previous year. This makes · 314 per cent. of receipts and disbursements of societies against · 4 per cent. in 1911-12.

Bombay.

Progress has been steady and for the most part has followed familiar lines. The number of societies in the Presidency (excluding Sind) is 515, and the total working capital is Rs. 49,31,942. Of these societies 409 are agricultural, the members of which have at their command an average of Rs. 80 per head. Development is retarded by the backwardness of rural education in many parts. Where members are illiterate, frequent inspection is necessary, and it is believed that this want can best be met by the formation of district Banking Unions with a supervising staff. Five such unions have been started. They have not been altogether successful in winning the approval of societies which are affiliated to them. But the departure is still a novel one, and the details can no doubt gradually be modified to meet the views of all societies.

The Central Co-operative Bank has increased its resources to Rs. 11,84,452 and is ready to finance rural societies directly or to deal with them through the unions, which will be paid a commission for their services, provided that they also undertake half the liability for any default by an affiliated society to which a loan has been given on their recommendation. The Central Bank continues to finance the 29 societies of sugarcane-growers on the Nira Canal to the extent of about 8 lakhs and has opened depôts at which jaggery can be sold at a small cost by the ryots, and at which castor cake and other artificial manures are purchasable at cost price. The careful enquiries made into the immoveable assets of all the members of Co-operative Societies before a loan is advanced to them saves credit from becoming dangerously facile.

New types of societies are being gradually evolved. Two manure-supplying societies, two agricultural stores, one dairy and 12 seed societies are examples of the application of co-operative principles to agricultural organisation. In other fields the most noticeable features are 24 weavers' societies for supplying cheap yarn wholesale, and purchasing and disposing of manufactured articles ; and a

few small co-operative stores. Societies confined to employees in mills, companies, or Government offices, are showing an unexpected development.

Sir Edward Mclagan asked for an explanation as to why the Nira Canal Societies could not be called co-operative.

Mr. Ewbank said that he had stated last year that the societies on the Nira Canal were not truly co-operative. The co-operative machinery was being used to fulfill the functions of a land bank, but some progress towards genuine co-operation was being made. Local deposits were being collected and the Committees were beginning to understand the objects and methods of co-operation. A union for the Nira Valley would probably soon be formed.

Bengal.

During the year, although attention was chiefly concentrated on problems of consolidation and re-adjustment of the machinery of control and finance to the existing conditions, the expansion of the movement has been satisfactory. The number of societies of all kinds has increased from 939 to 1,121, the membership from 40,000 to 59,000 and the working capital from 26 to 46 lakhs. Fairly satisfactory arrangements have been made for local supervision and finance in respect of each area and this has chiefly been achieved by the creation of new central banking unions and by the conversion of urban banks into banking unions. It is satisfactory to note that the management and administration of individual societies have greatly improved.

One of the most hopeful features of the year's work is the growth of the interest evinced by the public in the movement. Not much difficulty is now experienced in enlisting non-official assistance in the organisation and control of societies. The number of active non-official workers, is, however, still small compared with the needs of the movements; but it is confidently hoped that the increasing recognition of the benefits of the co-operative system will give us a steady supply of recruits every year.

The question of the reduction of interest charged by rural co-operative societies on loan to members has been actively dealt with. The most usual rate in the province as at present constituted is $18\frac{3}{4}$ per cent. and steps have been taken to reduce the rate to $12\frac{1}{2}$ or 15 per cent. in old areas, while in new areas it has seldom been allowed to exceed $12\frac{1}{2}$ per cent.

Another important co-operative event of the year is the limitation of the rate of dividend to $12\frac{1}{2}$ per cent. by rules framed under the new Act which has led to a great development of the co-operative spirit in the central and urban banks.

During the year, the by-laws of rural societies and central banks have been thoroughly recast and the system of audit has been re-organised.

The fifth Provincial Conference which was opened by His Excellency Lord Carmichael, and presided over by the Hon'ble Mr. Lyon did much to focus public attention on the movement and furnished a great stimulus to the numerous co-operators present which had its reflex in an increased vigour of work during the year.

Bihar and Orissa.

In Bihar and Orissa there were 595 societies on March 31st, 1913, as against 538 a year previously. Of these no fewer than 544 were Agricultural Credit Societies. The only type of society in existence was the Credit Society and no other kind of co-operation had been attempted. There were eight Central Banking Unions, the same number as the year before, though others have since been registered. The future line of advance lies through this form of agency for the financing and control of individual societies.

United Provinces.

During the year the number of central societies increased from 38 to 51 and their total working capital from under thirty-six lakhs to over forty-four lakhs. The older central societies or district banks which used to deal with a large number

of unregistered groups of shareholders are being reorganised. Most of the central societies now lend money only to registered independent societies and not to individuals. All central societies have strengthened their inspecting staff. The emoluments are also sufficiently good to attract a decent class of men. The central societies have agreed to employ only men trained by the Registrar and recommended by him. A provincial list of the staff is maintained and transfers and exchanges between different banks are frequently effected. The training of candidates has been systematised and lasts fully three months.

The number of agricultural societies has risen from 1,743 to 2,304. The demand for new societies is very keen and there is not any great difficulty in securing capital. The rate of development has been purposely kept down. Of the new societies about half are the result of the reorganisation that is in progress in some districts. The average membership is 39 compared with 34 in the previous year and the average capital per member has risen from Rs. 39·6 to Rs. 43·3.

In non-agricultural societies the number rose from 165 to 175. These societies are far more difficult to work than agricultural societies and central institutions, therefore, wish to proceed slowly. The average capital per member has increased from Rs. 62·5 to Rs. 71·1.

Arrears in both types of societies have been considerably reduced. Much attention is being given to the co-operative education of members.

In non-credit societies, the Benares Silk Weavers' Association has been liquidated. The General Stores at Sandila and Cawnpore are doing fairly well and the Weavers' Yarn Store at Sandila has been a great success. The dairy at Benares is doing good work. During the year a general store was started at the Benares Hindu College and Carpenters' Workshop was established at Bareilly. A cattle insurance society has been organised in the Budaun district and a *ghi*-selling association in the Benares district. It is difficult to pronounce any definite opinion about these societies yet. Since the close of the year, milk societies have been organised in three towns.

The societies (both central and local) are displaying great interest in agricultural improvements. Good seed has been distributed in many localities, improved implements have been demonstrated, and new methods of cultivation are being adopted by many societies. It is hoped that a further impetus will be given to this kind of work during the current year.

Sir Edward Maclagan asked for particulars regarding the training of candidates. Mr. Chatterjee said that candidates for employment were attached to a Government Inspector and a large central society, and trained in co-operative principles and methods for three months. After training their names were entered in a list. When a central society required a man, the Registrar recommended two or three men from his list and the society made a selection.

Punjab.

There has been an increase of 1,076 societies during the year. Of these 8 are central societies, 5 non-agricultural and 1,063 agricultural. The number of societies of all classes is now 2,845. The number of members has grown by 41,601 and now stands at 134,770. The working capital of the central societies is now Rs. 28½ lakhs being an increase of 12½ lakhs; that of non-agricultural societies is only larger by 1½ lakhs, for in this class of society but little advance has been made. On the other hand, the agricultural societies have increased their working capital by 40¾ lakhs, the amount being now just under a crore of rupees.

After supplying the ordinary needs of members, 25 lakhs were advanced during the year for paying off old debts, and I calculate that by means of the societies 50 lakhs of burdensome debt has been cleared off during the past year. I regard the removal of indebtedness as the first duty of the societies because so long as people are burdened by debt progress in any direction is not to be looked for.

The next step is to provide for the profitable sale of produce. Three large societies have been started for this purpose, and as they have already shown a fair measure of success, more of this useful form of society may be looked for.

It will then remain to provide for a further economic advance by improving the quality of the crops grown. Very little has so far been done in the Punjab in this direction.

The share capital of the agricultural societies is now nearly 23 lakhs, and if to this sum is added the profit earned, amounting to 9¼ lakhs, it will be found that the societies have a capital of their own amounting to 34½ per cent. of their total funds. This compares very favourably with the figures of most joint stock companies in the country. The more I see of commercial affairs, the more am I convinced of the danger of relying too much on borrowed money.

Members' deposits increased by 45 per cent. and are now 14¾ lakhs. Deposits from non-members are now 17½ lakhs which is an increase of 100 per cent.

Considering the amount of usurious debt which has been paid off and the comparatively easy terms at which members of societies can now borrow for necessary purposes, it can be safely said that material progress during the year has been considerable.

The total amount of business done by all classes of societies during the year amounted to Rs. 2,36,23,000 or £ 15,74,870—no inconsiderable sum.

Burma.

The main features of the year's work are a moderate increase of Rural Societies in the districts in which we are already working; the continued growth of the Upper Burma Central Bank; a large increase in the volume of debt liquidation and land redemption done through Societies in the Mandalay, Kyauksè and Sagaing Districts; and the progress of land settlement in the Môn Canal tract. Other points that may attain importance later are the proposed establishment of a Central Cattle Re-insurance Society and development of the co-operative sale of paddy, wheat, cotton and sleepers and of co-operative purchase of rice. The formation of a Provincial Post Office Co-operative Credit Society; the establishment of Co-operative Tenancy Societies in Lower Burma; the holding of two District Conferences in Sagaing and Kyauksè; and the adoption of technical and financial measures for the resuscitation of the Silk Industry in Amarapura are perhaps also worthy of special notice.

We have deliberately gone as slowly as possible in the formation of new Credit Societies so as to have time to 'polish' existing Societies, to inculcate the true principles of repayment of loans, and to develop other desirable forms of Co-operation. I say "as slowly as possible" because it no longer rests entirely with the Registrars to call the pace; Unions have been established as propagandist bodies and where they act up to their responsibilities it is unreasonable and unsound not to accept their proposals for new Societies. We have, therefore, extended where they have cleared the way: we have, however, refrained from suggestion in new areas.

The following table shows succinctly the growth in the number of Societies and their Capital:—

	30th June 1912.	30th June 1913.
Number of Societies.		
Central	3	4
Unions	43	67
Non-Agricultural Credit	37	40
Agricultural Credit	691	*976
Sale Societies	7	9
Cattle Insurance	23	57
Tenancy Co-partnership	..	2
Total ..	804	1,155

*Excluding Kanyingauk which is being wound up.

	30th June 1912.	30th June 1913.
Number of Members.		
Central	1,129	1,615
Unions (Affiliated Societies)..	486	770
Non-Agricultural Credit	2,150	2,624
Agricultural Credit	16,821	23,731
Sale Societies	712	1,192
Cattle Insurance	471	1,110
Tenancy Co-partnership	..	138
Total ..	21,769	31,180
Main heads of working capital (excluding Sale and Insurance Societies.)		
	Rs.	Rs.
Loans and deposits by non-members	13,57,350	17,83,619
Loans by other Societies	13,16,442	18,60,000
Share Capital	5,17,340	8,90,313
Deposits by members	*60,939	*69,784
State-aid and agricultural advances	1,85,422	2,92,908
Excess assets over liabilities on 30th June	2,14,995	4,09,965
Total ..	36,52,488	53,07,489
Expenditure by Societies.	Rs.	Rs.
Management and working expenses	29,930	49,086

* Deposits by members of Upper Burma Central Bank are included in "Loans and Deposits by non-members."

For Rural Credit Societies, the working expenses including the Union rate were Rs. 33,254-4-6 against a total turn over of Rs. 59,59,924-7-3 and the percentage of cost is ·55 against ·18 for Rural Raiffeisen Societies in Germany. The large percentage is due chiefly to the rudimentary means of remittance of money, and to the practical absence of communications over the greater part of the country.

In reply to an enquiry by Sir Edward Maclagan with reference to the expense of supervision in Burma, Mr. English explained that the expenses of remittance were enormous in Burma. It was frequently less expensive to take money in person to Mandalay from places 80 or 100 miles distant. A premium was charged for changing notes and gold.

Central Provinces.

The report submitted for the Central Provinces and Berar is for the fifteen months ending the 30th of June, 1913. During this period 981 applications for registration were received by the Registrar. 107 of these were rejected and the rest were accepted. Working capital increased from Rs. 10,23,592 to Rs. 34,43,390; and membership from 12,136 to 27,571. The number of societies increased from 585 to 1,449. Societies proved themselves punctual payers and the turnover of all co-operative institutions in the Provinces amounted to Rs. 1,26,95,210. Reserve funds increased from Rs. 34,484 to Rs. 1,07,032. Savings deposits by members of societies and other local deposits advanced very satisfactorily. Central Banks now hold Rs. 4,69,207 in deposits as against Rs. 1,12,640 at the close of March, 1912, while credit societies hold deposits by their own members to the amount of Rs. 79,571. The main features of the year's work are the formation of the Central Provinces Union of Co-operative Banks and the start made in the direction of co-operation for purposes other than credit, such as the production of pure seed, the ginning of cotton, the breeding of cattle, the production and sale of pure milk, etc., etc.

Assam

The co-operative year in Assam now ends with March instead of June. During the nine months ending with the 31st March 1913, the total number of Societies rose from 142 to 188 and of members from 9,758 to 10,945. Working capital increased from Rs. 4,91,411 to Rs. 5,56,098. The number of agricultural Societies was, at the end of the year, 164 as against 124, of Unions 3 as against 1 and of Banking Unions 4 as against none last year. The number of non-agricultural societies and central banks remained practically unchanged.

As my predecessor remarked, our chief need is more local supervision. A beginning has been made in the formation of Unions and Banking Unions, but these have to be fostered and developed. Work in Assam is much handicapped by a lack of non-official helpers and by the want of a Registrar who can devote most, if not the whole, of his time to co-operative work. At present the Registrar is in charge of other Departments, such as Excise and Registration which take up, especially when he is on tour, a very large share of his time. A Registrar who could devote most of his time to co-operative work would be able to give to societies necessary personal and local supervision and, it is hoped, would find it possible to secure the sympathy and services of a larger number of non-official helpers.

In Assam it has been found necessary to proceed very cautiously. I think that the growth in the number of societies, though not striking, has been spontaneous. I may add that the system of giving State loans has been entirely discontinued. Apart from other considerations, it appears in this Province sometimes to have given an artifical and radically unsound stimulus to the formation of new societies.

Hitherto all our societies have been purely credit societies. It is hoped that it will be possible, during this year, to make a start with other forms of co-operative work.

Coorg

The work in all Co-operative Credit Societies progressed smoothly and satisfactorily. Each society worked with a profit and stability is insured by substantial reserve funds, amounting to Rs. 15,043 for the aggregate capital of Rs. 78,792. Detailed figures may be found in sections 2, 3 and 8 of this year's report.

The foundation has been laid towards the establishment of Cattle Insurance Societies, six of which have been formed and which promise to clear the ground for others that may spring up. It would be sanguine on my part to predict success, but I have confidence in the business and so have also my fellow-workers who manage it.

The total cost of Government amounts to Rs. 240 only per annum.

Ajmer-Merwara.

No action was taken in Ajmer under the Co-operative Credit Societies Act which came into force in 1904 until February 1910, when a Central Bank was established. Within the last three years, this Central Bank has gained sufficient strength to establish its reputation and popularity in all circles concerned. The working capital has risen from Rs. 210, 195-10-6 to Rs. 4,21,900-10-5. It has advanced to the members of the Bank Rs. 74,103 and financed 191 rural societies to the extent of Rs. 5,57,987-7-7

Two new Central Banks were established during the year. In January 1913, the Beawar Central Bank was established. The Nasirabad Co-operative Bank, Limited, was established on the 8th June 1913, and as it was opened only 22 days before the close of the co-operative year, it could not do much business beyond financing one rural society to the extent of Rs. 2,05)-10-6. But the Beawar Central Bank, Limited, financed 80 societies to the extent of Rs. 73,364-8-9. It distributed to its shareholders a dividend of 8 per cent., while the Ajmer Central Bank has declared a dividend of 12 per cent.

The number of agricultural societies rose from 160 to 279, and agricultural members from 4,259 to 8,115. The working capital rose from Rs. 2,16,974-8-8 to Rs. 5,03,204-15-0, of which Rs. 90,478-11-0 is the societies' own subscribed capital.

In the Ajmer district there was an addition of 48 new societies, the greater attention being paid during the year to the consolidation of the old established societies.

In Merwara district there were 9 societies last year, and as there was a great demand there, 71 new societies were opened. There is still a great demand for the societies there, but funds do not permit of their being financed on a large scale at present. The year was one of scarcity from the revenue point of view, and the help thus given to the agriculturists has been highly appreciated by them, at a time when the money-lenders are bent on depriving them of their funds by sale and mortgages and are boycotting them for these purposes.

Unfortunately the monsoon has again been a failure this year and grass and fodder scarcity has made itself visible even now; the crop prospects are very gloomy and a serious famine is anticipated. The Central Banks are trying their best to increase their capital, but I am afraid the time is near when the Central Banks in this district will stand in need of loans from Government on easy terms, and I hope they will not be disappointed when such a crisis does occur.

The lawsuits show a tendency to decrease, but it is to be regretted that there were a large number of mortgages, due to the stress of scarcity when a good deal of fodder (which was sold at 30 seers per rupee) had to be purchased by those who were not members of co-operative societies, to maintain their necessary and useful cattle in the district.

On the whole the progress in all directions seems very encouraging. While in the past years, the co-operative societies had to fight hard with the money-lending classes, this year they have to contend with another additional foe but much stronger, *viz.*, famine, and the idea is that the Central Banks when they are unable to raise local capital should receive loans from Government with which they are to finance the rural societies. As the Taccavi Act stands at present, the societies cannot get *taccavi*, while to give loans direct to individual societies means the weakening of the Central Banks. It is better, therefore, that the Central Banks which have been the channels of finance for the rural societies hitherto should continue as such during the famine season when they might take loans from the Government. This arrangement will keep up the relations of the rural banks with the Central Banks.

The progress of the co-operative movement in Ajmer has had its effect on the neighbouring Native States of Rajputana. A mission body in Piploda in the Kotah State has formed a co-operative society, which has made good progress.

In the Bharatpur State they are thinking of forming co-operative societies and, as I am informed, other States are also seriously considering this question; this seems also to be a happy sign of the times

Baroda.

Steady progress has been maintained in the development of the co-operative movement in the Baroda State during the year 1912-13. The number of societies increased from 124 to 189, the total membership from 2,934 to 5,465 and the working capital from Rs. 2,11,000 to Rs. 3,36,000. The Reserve Fund amounted to Rs. 45,000 as against Rs. 23,000 last year. The net profits earned were Rs. 23,000 as against Rs. 12,000 in the previous year.

Every effort was made to improve the working of the old societies.

One District Bank and a Banking Union were organised. All the Agricultural Banks have now commenced financing co-operative societies in their respective Talukas. With these facilities State loans have been nearly stopped.

The system of engaging Agricultural Graduates as Managers of Unions has succeeded well and we have been able to introduce improved agriculture among the farmers through the medium of co-operative societies. Similar arrangements are being extended to the other Districts also.

In order to introduce fly-shuttle looms among the members of Weavers' societies a demonstration class was started. As a result several improved looms are purchased by the members of these societies.

Mysore.

The Second Provincial Co-operative Conference was held at Mysore in October 1912 and was attended by about 350 delegates and visitors from societies and all the leading officers of the State. His Highness the Yuvaraja opened the Conference and its deliberations were conducted for three days under the presidency of Mr. H. V. Nanjundaiya, M. A. M. L., First Councillor. His Highness the Yuvaraja entertained the members of the Conference at a special "At Home" given in their honour at which the members had the privilege of being individually presented to His Highness. This was followed up by two District Conferences at Hassan and Tumkur and two Taluk Conferences at Chennagiri and Yedarur.

A Kanarese monthly publication, called the Mysore Co-operative Bulletin, was started in January last under official patronage and supervision. It circulated amongst all the co-operative societies and the Revenue Officers of the State.

These measures led to a wide publicity of the aims and objects of co-operation and a clearer knowledge of its principles and practice. There was a spontaneous demand for fresh societies from different classes of people including the labourer employed on the Kolar Gold Fields, the silk and cotton weaver in different parts, the depressed Holeya and Madiga outside the pale of decent society, in addition to the rural agriculturist and the Government official who formed till now the major portion of the membership of societies.

As a result, the year witnessed a rapid but solid progress of the Co-operative movement in Mysore. The number of societies rose from 218 to 343. Their membership increased from 13,148 to 24,538, the working capital from Rs. 6,75,312 to Rs. 12,89,338, the reserve fund from Rs. 18,833 to Rs. 30,600 and the total net profits from Rs. 34,836 to Rs. 62,520. The bulk of the societies were credit institutions numbering 321. They had 23,000 members and a working capital of 12 lakhs of rupees. The cheaper credit of the societies saved to the members a sum of nearly one lakh of rupees in interest this year. Twenty societies sold provisions and served 1,500 members with a working capital of Rs. 60,000. There were ten societies for the benefit of weavers with a membership of 450 and a working capital of Rs. 20,000.

Almost the whole of the funds required by the co-operative societies was raised by themselves from amongst their own members to the extent of Rs. 8,67,574. Small loans of about Rs. 250 each were granted to four societies of weavers and depressed classes out of the funds placed at the disposal of the Registrar by His Highness the Maharaja and the Government. After the rural societies gain some experience and learn to manage their business, they get what financial assistance they require from the Bangalore Central Co-operative Bank, Limited, and the Mysore District Central Co-operative Bank, Ltd. The former Bank had lent out a sum of Rs. 1,35,483 to 41 societies and the latter a sum of Rs. 18,500 to two societies.

To increase the co-operative character of the Central Banks, two Co-operative Unions were started during the year—one at Hassan and the other at Tumkur. These Unions consist of about ten societies which are banded together to form a Federal Union undertaking organizing, inspecting, supervisory and financing functions. The Unions were still in an infant stage, engaged in collecting capital. The Hassan Union inspected all its affiliated societies.

To cope with the increase of work, the Department was strengthened by the addition of two Inspectors, and the Registrar was empowered to entertain an addi-

tional Inspector for every forty societies newly registered. Unofficial workers are still few, though the general public are fully alive to the usefulness of co-operation in promoting their economic welfare. On the whole, the movement has gained considerably in strength and vitality, striking its roots fairly firmly in the soil of Mysore.

Mr. Collins said that in Madras the most usual rate of interest on loans issued by Agricultural Societies was reported to be 9$\frac{3}{8}$ per cent. In Bihar and Orissa the Central Banks and Unions borrowed their money at 7 to 7$\frac{1}{2}$ per cent. They actually lent it out to the Agricultural Societies at present at 12$\frac{1}{2}$ per cent. and the Societies lent it out at 15 per cent.

Mr. Swamikannu Pillai pointed out that the rate was not more than slightly, if at all, lower than the rates charged by sowkars. It varied from 9 per cent. to 15 per cent. according to the security offered. In Madras it was a common saying that the proper rate of interest for money borrowed on the security of land was 9 per cent. and for money borrowed on other security 12 per cent.

The President asked if there was any explanation for the low rate of interest in Madras.

Mr. Swamikannu Pillai said that it had always been low.

Mr. Wilberforce remarked that it was not much lower than it was in the Punjab.

SUBJECT No. II.—Practical difficulties in the management of rural societies.

The following paper was submitted for the consideration of the Conference by Mr. M. G. Deshpande, who was unavoidably absent:—

It is my privilege to present my paper dealing with certain practical difficulties in the management and organization of rural societies. But I must confess that I speak with great diffidence. For to be frank, in the first place, I come from that part of my Province where this movement is still backward, and, in the second place, I am myself quite a junior worker in the cause. It is, therefore, probable that the difficulties mentioned below will appear trivial to the experienced workers present here. I have, however, come to learn and not to teach; and if I can take some valuable advice away with me my Bank will be the gainer.

This movement has been started with the object of improving the moral and material condition of the poor agriculturist, the poor artisan, and the trader. It depends for its successful working on mutual confidence, trust and good will. To understand and appreciate co-operation a certain amount of education and intelligence seems to me to be necessary. It is an unfortunate fact that the masses in India are mostly illiterate. Their progress in life has always been very, very slow. Conservative instincts have such a strong hold on their minds that they shrink from altering their ancient and time-honoured customs, even in the matter of using new and up-to-date labour-saving devices. Such is the material from which we have to form co-operative societies. Such is the soil in which we have to sow the seed of the co-operative movement. To these great difficulties we must add the local sowkar, whose interests are directly in conflict with ours, and the sowkar tries to raise strong prejudices in the minds of the poor against our movement. It is a strain on the imagination of our villagers to grasp joint liability. The working of the Joint Hindu family that they see every day of their lives is quite enough to frighten them away from undertaking this further joint liability. Whether paid preachers would be able to smooth our path is a doubtful question; for to my mind the influence of the person preaching, his status in life, and his personal

acquaintance with the people are the direct and only elements that can lead to the success of the movement. Finally, suppose a society has been started in spite of the difficulties mentioned above, still the difficulty of finding a competent accountant able to work as Secretary remains. Illiteracy, ignorance, and prejudice are thus the great difficulties that confront an organizer at the very commencement of his work.

Then there are the social disunions and party factions existing in every village. The old valued Panchayet system has disappeared, and the criminal courts are but a poor substitute for the adjustment of minor quarrels and petty jealousies. The headmen and their families have always enjoyed certain social privileges and rights, what we call " Man Pan." In fact my lawyer friends tell me that phenomenally heavy sums are spent in the assertion of these rights. In truth our whole village system is opposed to the idea of equality. Co-operation on the other hand is wholly based on equality. It is, therefore, not to be expected that the seed of co-operation planted on such uncongenial soil will germinate rapidly.

The question of liquidating old debts is another important point for consideration. If you approach the sowkar with proposals, he is, to say the least, lukewarm, nay, averse. In addition, the debtors themselves are generally unwilling to give complete details of their liabilities, nor are they in a position to give such details intelligently. Besides, the capital required for the liquidation of old debts would be enormous, for even if this experiment were tried in one tahsil alone, at least ten lakhs of rupees would be required to root out the evil completely. Our societies have no funds with which to attack this evil. If this evil is not remedied, we find in the long run that the poor agriculturist feels that he is in a worse position than before. Men eagerly join societies with the obvious intention of borrowing sums at a low rate of interest to free themselves from their indebtedness. But when they find that the high hopes that they entertained are not and cannot be fully realized, they are obliged to go back again to their old money-lenders who now get their chance to dictate terms to their old clients.

There is yet another difficulty in villages. Money-lenders are generally grain-lenders also. The tenants or agriculturists are not so much in need of money as of grain. They pay the labourers in kind and not in cash. They require seed and grain for their own use also. These they freely borrow from their *mahajans* in the beginning of the rainy season, and pay back at *savai* rate at harvest time. The Central Bank can lend money only but not grain. In my opinion we shall not be able to emancipate the agriculturist from his indebtedness unless we do something to relieve him from the clutches of grain-lenders.

To repay grain does not present any difficulty at the outset. But the grain-lenders do not at times press for collection of grain, and the quantity increases by leaps and bounds at compound interest, and consequently the tenant is plunged over head and ears into debt and is no longer able to repay. Then the grain-lender turns the grain debts into money debts by asking the tenant to execute a bond.

One more difficulty, and I have finished. This difficulty is experienced only at some places by the Secretaries of Central Banks. Generally a Central Bank appoints as treasurer one of its own shareholders. But this arrangement, satisfactory as it is, cannot be carried out everywhere. In some places shareholders are not so respectable and rich men as to undertake the custody of large amounts ; and even if they are willing to help Central Banks are not prepared to accept their assistance. It is at such places that the Secretaries have to keep cash with firms that are not shareholders and are represented by agents who are not empowered to keep cash or to sign the pass book.

Under these circumstances it is necessary that Government should extend its helping hand and allow the Secretary to deposit cash in the Government Treasury.

Occupancy and ordinary tenancy lands in our Provinces are non-transferable. But necessity is the mother of invention. Various ways have been found both by the money-lenders as also by the tenants of evading the law in this respect. The

result has been the well-known system of surrender and release. In these cases, the landlord must be made a party to this illegal affair. He demands his own consent money. The value of the transferer's land is thus reduced by at least this consent money, and the poor agriculturist has to give away his land for a much smaller value than if there were no law forbidding these transfers. Our co-operative business would progress very rapidly indeed if the Government were kindly to make an exception in favour of those cases where the proposed transfer is to a Co-operative Society. This subject was moved in our Provincial Conference last year; and I am glad to say that our Conference has passed this year a resolution that leases up to 10 years in favour of Co-operative Rural Societies should be exempted from this bar of transfer. But, gentlemen, the greatest difficulty of all that we find is the want of willing workers in this noble cause. This cause can only prosper if we can enrol many more of our young and educated non-officials, people of established influence and status, as workers. The want of workers is felt in every department of life and especially in this co-operative department which wants most strenuous work and a true missionary spirit. Government has been promoting this cause from its very outset, and I feel confident that under its benevolent and all-powerful influence, our work is bound to prosper and prosper rapidly to the everlasting benefit and abiding good of the millions of poor peasants who cannot, in the nature of things, find their own way out of their difficulties.

Mr. Crosthwaite said that the difficulties mentioned by Mr. Deshpande were experienced everywhere. The question of liquidating old debts was a very important one. The local difficulty mentioned in the last paragraph of Mr. Deshpande's paper would, he hoped, be threshed out in the local Legislative Council. The whole population of the Central Provinces was practically almost illiterate. The patwari and the village school master were the only persons in the village who could keep accounts. The difficulty was one which could only be solved by the formation of unions and the employment of clerks under them.

In reply to a question from the President he said that one clerk served 50 or 60 societies and kept the accounts of all of them. The village societies consisted of from 12 to 15 members. There was often more than one society in the same village. Sometimes as many as 5 or 6. They were not always caste societies.

Mr. Langley asked if a number of societies in the same village did not lead to factions.

Mr. Crosthwaite said that it had the opposite effect.

Mr. Chatterjee said that his experience in the United Provinces was different. The existence of more than one society in the same village crystallized party feeling. It had therefore been decided not to have more than one.

Mr. Damle explained the practice in Berar. Small societies meant mutual confidence. In a village in which there were a number of societies they worked harmoniously.

The President asked what differentiated societies in cases in which there were more than one in the same village.

Mr. Damle said that in some cases the societies were made up of friends, in others they were caste societies.

Mr. Lalubhai Samuldas asked if a man could be a member of more than one society.

Mr. Crosthwaite said "No", as in that case it was impossible to check his borrowings. He added that there was no bye-law to prevent it, but it never occurred in practice.

Mr. Ewbank said that there were cases in Bombay in which one co-operative society had tried to poach members from another.

Mr. Crosthwaite said that no difficulty had been experienced in the Central Provinces. The matter rested with the people themselves. The villages in Berar were so big that more than one society was necessary. With

reference to the statement in Mr. Deshpande's paper that in some places the secretaries had to keep cash with firms which were not shareholders, Mr. Crosthwaite, in reply to a question by Mr. Lalubhai Samuldas, said that no money was entrusted to any one who was not approved by the Registrar.

Mr. Lalubhai asked why money could not be deposited in the Central Bank.

Mr. Crosthwaite pointed out that the societies were often at a distance of 30 miles or so from the Central Bank.

Mr. Ewbank asked on what principles private firms were selected for the retention of cash balances.

Mr. Crosthwaite said that the balances were very small and all the sowkars were known to the Registrar.

Mr. Langley raised the question of members of village banks having to go to the Central Bank for their loans and remarked that it was not at all convenient.

Mr. Crosthwaite said that it was not necessary in the case of a good village bank which had a good local director.

Mr. Chatterjee asked if it was the function of the director to decide what loans should be given.

Mr. Crosthwaite replied that the members themselves decided it.

Mr. Wilberforce asked if a peripatetic clerk would not be a better arrangement.

Mr. Crosthwaite said that loans were issued once a year only. A peripatetic clerk was outside their organization.

The President asked about the practice prevailing in other provinces.

Mr. Chatterjee said that they had experienced the same difficulties in the United Provinces. Now the members of the panchayet go to the central bank to get the money and take it back to the village. In the United Provinces one clerk had only to keep the accounts of 5 or 6 societies, never for more than 10. When the money was disbursed the Secretary and Treasurer were present and a member of the staff of the central society usually came.

Mr. Crosthwaite said that cash credits were issued to the society and cheque books given. A peripatetic clerk could not be trusted with money.

Mr. Swamikannu Pillai said that in Madras money was entrusted to the panchayet for distribution. Sometimes it happened that the panchayet appropriated a considerable part of the loan and there was trouble later on.

Mr. Crosthwaite said that that showed that there was necessity for close inspection.

The discussion then closed.

SUBJECT No. III.—The safe custody of money by village societies.

Mr. Langley read the following paper:—

The question of the safe custody of the cash balances of village societies is one of increasing anxiety. One or two village societies in the Punjab possess funds exceeding a lakh of rupees and the number of societies with funds exceeding Rs. 10,000 is considerable. All societies naturally endeavour to keep in hand as little money as possible, but it is inevitable that once or twice in the year, usually after harvests, when loans are repaid there are large cash balances for several days and in the larger societies money is always coming and going and there is often a large balance in hand.

It will ease the situation to some extent if money can be remitted to and from sub-treasuries as the larger societies can then at once dispose of their surplus funds. But this will not affect societies which employ their money locally. They have to keep their money until it can be lent out again. The presence of comparatively large sums in a village is naturally a source of much anxiety to the officers of a society.

It has been proposed to make use of post offices and police stations. Many societies have savings bank accounts with the post office, but the small limit up to which deposits are accepted make the post office savings banks useless for the storage of large sums and they are not intended for that purpose. Similarly we are not justified in asking the police to saddle themselves with the responsibility of keeping our money.

In some of the larger societies in the Punjab the risk of loss has been lessened by several members of the committee agreeing each to keep a part of the cash. Safes are used and, in one or two cases, special chaukidars are employed.

I do not at present see what other precautions can be adopted, but I shall be glad of any advice or suggestion on this point.

Mr. Ewbank said that under a recent amendment to Post Office Savings Bank Rule 42 (k), in Bombay, the following concessions had recently been granted by the Postmaster General with regard to public accounts opened in the Post Office Savings Banks by Co-operative Credit Societies: —

1. Societies may withdraw sums up to Rs. 3,000 from their accounts on three days' notice at all post offices situated at district headquarters or at taluka headquarters where there is also a telegraph office.
2. Societies may withdraw sums up to Rs. 3,000 on 7 days' notice from all other post offices.
3. Societies may withdraw sums exceeding Rs. 3,000 but less than Rs. 10,000 on 10 days' notice from all post offices.

Mr. Langley said that this would meet the case to a large extent.

Mr. Crosthwaite said that there were difficulties in places in which there were no post offices.

Mr. Chatterjee said that post office concessions would not meet the case of the large central societies. Their safes could be kept in the district treasury, but Collectors did not like to saddle the district treasury with the work. He thought definite orders on the subject from the Government of India were necessary.

The President said that he thought the post offices had conceded as much as could be expected.

Mr. Chatterjee said that the Government of India should allow Sub-treasuries and district treasuries to keep the safes of banks.

Mr. Crosthwaite said that difficulties would arise about the hours of work, and that it would be necessary to keep treasuries open longer.

Mr. Chatterjee said that he did not think that the question of hours would create any difficulties. Treasuries are open from 10·30 to 4·30 and the banks which kept safes in the treasury had always access to the treasuries in those hours. It was a matter of discretion at present, and he thought it might be made more clear that societies should be allowed to keep their safes in the treasuries.

Mr. English said that, in Burma, there were only two District central banks and one provincial bank. The latter, which was in Mandalay, dealt with the National Bank of India, and the other two never had any large amount of money in hand. Any society could keep money in armed police stations or in treasuries or sub-treasuries, but very little advantage was taken of the privilege.

Mr. Mitra said that one of the central banks in Bengal had made provision for its own armed guards.

Mr. Chatterjee said that this was also the case in the United Povinces, but it was expensive.

Mr. Mitra said that he thought co-operative banks ought to make their own arrangements as other banks did and there was no reason why Government should help in the matter.

Mr. Crosthwaite said that the reason was that co-operative banks were, to use Mr. Wolff's words, not banks at all.

Mr. Lalubhai Samuldas said that the Bombay Central Bank could keep its own money and everybody else's. Central banks must keep their own money. The Postmaster General's orders disposed of the case of village banks.

Mr. English said that nearly every village bank was affiliated to a larger bank. If no facilities were given to a village bank to keep its money, it would mean that the village bank would speedily either send on its money to the larger bank or would disburse it; in either case speedy disposal was desirable.

Mr. Chatterjee remarked that conditions were different in the United Provinces. The money came in in May, and was not wanted till October.

Mr. English said that the orders of the Government of India were that if there was room and the treasury officer was not unreasonably harassed, the safes of societies might be kept in treasuries or sub-treasuries. Too many facilities would mean that money was kept in hand when it should be passed on.

The Conference finally decided that the present concessions ought to be maintained, but that as far as the use of post offices and Government treasuries was concerned, it was not in a position to recommend any further concessions. The Registrars might bring the rules in force as regards post offices in Bombay to the notice of their Local Governments.

SUBJECT No. IV.—Government takavi loans to members of co-operative societies in times of famine and scarcity and in other years.

Mr. Chatterjee submitted the following paper for the consideration of the Conference:—

This subject was considered at the third conference of Registrars. It was subsequently ruled by the Government of India that under the present law *takavi* under either of the two Acts could not be advanced to a co-operative society unless it held land in its corporate society. Practically no societies, at least in the United Provinces, fulfil this condition. In view of the importance of the subject I would respectfully urge that the matter should be reconsidered. The bar against societies should be withdrawn, necessary amendments being made in law.

Takavi for land improvements is granted in the United Provinces in ordinary years mainly for the construction of wells and *bandhs* or embankments. The Government is naturally very anxious to issue such loans in order to secure protection for cultivated land in years of drought. In some districts Collectors have utilised co-operative societies (both central and local) for making enquiries into applications and for recommending applicants. The loans are actually made to individuals. The co-operative society undertakes the enquiry and gives a kind of moral backing to the application for the sake of the benefit that will accrue to some of its members. The process is however cumbrous, nor does it avoid some of the well known objections to the payment of money through subordinates. It will be very much simpler if the loan is made directly to the co-operative society. The security will be no less as the members of such societies have unlimited liability. The society can also take a hypothecation of the property of the borrowing member and endorse it in favour of the Government. In return for its services the society

should be allowed to charge slightly higher interest than is actually paid to the Government. Considering that the procedure indicated will enable the State to effect an economy in its *takavi* establishment, I think the rate of interest charged to a co-operative society for such loans may be reduced to five per cent. Even if this be considered inadvisable or impracticable I have reason to believe that members of societies will prefer to borrow at 7½ per cent. through the society rather than at 6¼ per cent. direct. In the case of *takavi* for land improvements, there is practically no difference in circumstances between years of famine and other times.

With regard to *takavi* for ordinary agricultural needs, I venture to think that there is very little justification for the issue of such loans in ordinary years in a village where an unlimited liability co-operative society exists. All respectable cultivators in the village are eligible for admission to the society and if the society is at all efficient, it should be in a normal agricultural season in a position to finance all its members. If a man is not admitted to a society, it may be taken as a *prima facie* evidence of the fact that he is not solvent or a desirable person for a loan from Government. The issue of *takavi* in a normal year for seed or for plough cattle in a village with a co-operative society injuriously affects the society as well as the ordinary capitalist. A large number of district officers in my province already act on this principle but I think it desirable that it should be authoritatively enunciated by this conference and by the Government of India.

Coming now to the advance of such *takavi* in times of famine and scarcity I take it that one of the chief objects in distributing advances in such years is to remove distress and to inspire confidence. Consequently advances are made without minute inquiries regarding the solvency of the grantee. Under such circumstances it is not possible to insist that in a village where a society is in operation, loans should be restricted only to members of the society. It is however desirable that the members of the society should receive help only through the society. The committee of the society will be in a better position than any outsider to decide what are the actual needs of the members and what should be the terms of repayment. This will save an enormous amount of trouble to the distributing officers of the Government. We have also to bear in mind that ordinary capitalists will be chary of lending money to a co-operative society in a famine year. On the other hand the needs of the members will be greater than in normal years. If members find that their society cannot help them in a difficult year whereas they can secure loans on lower rates of interest directly from Government, their loyalty to the society will be severely shaken and I fear few societies will survive the shock. There can be no obejction if the Government in making a *takavi* grant to a society stipulate that the interest charged to members will be limited to say 7½ per cent. Moreover in most societies now-a-days, the members receive sufficient co-operative education and they always know from what source any large loan is received. Consequently they are not likely to remain ignorant when they are assisted in a difficult year with Government *takavi*.

Mr. Chatterjee said that since he had written his paper he had received some orders from the Government of India as to the purport of which he was not quite clear.

The President read the orders in question which were as follows :—

> "I am directed to invite attention to the Resolution passed by the Sixth Conference of Registrars of Co-operative Credit Societies, in which it was recommended that the legal position regarding the issue of *takavi* to or through Societies should be considered, and that, if it were ascertained that this was not at present permissible, the Agriculturists' Loans Act should be amended accordingly.
>
> 2. The question was discussed in this Department's Circular No. 9, dated the 24th June 1909, in which it was pointed out that loans could not be given to Societies under the Agriculturists' Loans Act, except in the rare cases in which a society as such is the owner or occupier of arable

land and requires the loans for one of the purposes specified in section 4 of the Act, but that there was no legal objection to *takavi* loans intended for members of Co-operative Societies being distributed through the agency of the societies. The Government of India have now carefully considered the recommendation of the Conference that legislation should be undertaken with a view to legalise advances to societies. They adhere to the views stated in paragraph 26 of their Resolution No. 1-63-3, dated 29th April 1904, regarding the general objections to the grant of State aid to Co-operative Societies, and the experience of recent years, during which the grant of Government loans to societies has practically ceased in most provinces, suggests that even the limited amount of State aid contemplated in the Resolution of 1904 is no longer necessary. Moreover there appears to be no advantage in taking power to grant loans to societies under the Agriculturists' Loans Act. It is always open to Government, if circumstances should require this course, to grant loans to societies without legislation, and under section 44 of the Co-operative Societies Act, 1912, loans obtained by societies from Government are recoverable as arrears of land revenue in the same manner as advances made under the Agriculturists' Loans Act. For these reasons, the Government of India do not propose to amend the Agriculturists' Loans Act, so as to enable advances to be made under that Act to Co-operative Societies.

3. I am to add that it is left to Local Governments to decide whether *takavi* advances granted to members of Co-operative Societies should be made through the Societies or direct by Government officers."

Mr. English described the procedure in Burma under which loans had been made to societies in the Môn canal tract.

Mr. Chatterjee said that the procedure in Bombay was cumbrous. It was not clear whether a society could stand as surety under the Loans Act in the case of loans to its members. If a loan was made directly to a member, he might get more than he really needed. Money should be lent through co-operative societies.

The President said that in that case legislation would be necessary.

Mr. English said that the difficulty could be met by transferring the land of all the members to the co-operative society until the loan was liquidated.

Mr. Ewbank said that in Bombay there had been no need of *takavi* loans to members of society since the central banks had been formed. Takavi was only given in famine years. The Collector's procedure was slow. The society got their money from the central banks at 7 per cent. and lent it to cultivators at $9\frac{3}{8}$ per cent.

Mr. Swamikannu Pillai said that although in Madras the Government lent at $6\frac{1}{4}$ per cent. the people preferred to borrow from societies for land improvement purposes at $9\frac{3}{8}$ per cent.

Mr. Collins asked if in any province any society had undertaken the distribution of takavi to non-members.

All the other Registrars said that no such cases had occurred.

Mr. English said that Government should lend to societies for them to pass the money on. The Government would have the assets of the societies as security.

Mr. Chatterjee said that members of societies were worse off than non-members as they had to get the permission of their societies before they could get takavi. There was no reason why Government should not lend money to societies on the security of their joint liability. He thought there was justification for lending money to societies at 5 per cent. or even under.

Mr. English said that he had had experience in both methods, *viz.*, of loans directly to societies and of loans to members through societies. The amount of double account keeping involved under the latter method was appalling.

Mr. Chatterjee said that he was only asking for Government assistance in times of famine. If Government loans were given to societies in ordinary years, every society would be asking for them.

Mr. Crosthwaite said that if the resources of societies in the Central Provinces proved insufficient at any time, he proposed to ask Government to deposit money with the Provincial Bank. There was no reason why Government should not deposit with the Provincial Bank in times when the Provincial Bank could not get money from the money market. The difficulty as regards Government loans to societies was in the matter of summary recovery. How could Government effect summary recovery in the case of a big Bank ?

After some discussion as to the rates at which societies should lend money to their members, Mr. Chatterjee said that when a society failed, liquidation followed. The Tahsildar could be appointed to liquidate and to recover debts as arrears of land revenue.

Mr. Ewbank agreed with Mr. Crosthwaite. He said that in Bombay societies were trying to build up famine reserve funds. Ten societies had separate famine reserve funds separately invested. If societies could get takavi, they would cease to build up reserve funds.

Mr. Swamikannu Pillai agreed with Mr. Chatterjee that there was no objection to summary recovery which should be as speedy as possible.

Mr. Wilberforce thought that Government would act with sufficient liberality in case of liquidation.

Mr. Crosthwaite said that the methods adopted after famine were often rough and summary.

Mr. Chatterjee said that that was because the money had been lent to individuals instead of societies.

Mr. Crosthwaite asked if it was meant that the executive should come between the Central Banks and societies. He had the gravest objection to money being advanced direct to societies.

Mr. English said " If in famine you can get money from Central Banks, get it. If not, get it from Government. Takavi should not be given to societies until their other resources have failed."

Mr. Collins said that Local Governments would have to be given power to make rules.

Mr. Lalubhai Samaldas said that he could not see how the Bombay procedure was cumbrous.

It was finally resolved that the Takavi Act should be modified so as to allow Government to grant takavi loans to societies whether Central or other, in times of scarcity when the resources of the societies are deplenished.

The Bombay Members of the Conference dissented.

Mr. Crosthwaite also dissented as far as societies other than Central Societies were concerned.

SUBJECT No. V.—The best method of dealing with the old debts of members of Co-operative Credit Societies.

Rao Sahib K. G. Damle read the following paper:—

I am only a beginner in co-operative working. I come from Berar, a very backward Province in India. I must, therefore, naturally speak with great

diffidence. I beg, therefore, that this body of co-operative experts will take my humble observations with great indulgence.

In my opinion, for a successful experiment of co-operative working in a village credit society, steps need be taken to wipe off the outside money-liabilities of its members. For the co-operative influence to take sure effect on the material condition of its members, it must arrange to free them from the control of their money-lender (village sowkar) and regulate their wants and supply of needs on the lines of strict co-operative working. If no steps are taken to this end, it is highly probable that all the good work co-operation does, will be thrown to the winds. The members will lose confidence in the work of co-operation, the village sawkar will add to his unrivalled situation and the result will be that the poor members will revert to their old helpless dependence on the cupidity of the village sowkar.

In my humble opinion, it seems, therefore, absolutely necessary that a Co-operative Credit Society must perform all the functions of a village sowkar. If this view be correct, the next question that looms large in the front is whence and how to get this enormous amount of money. In making advances we have primarily to look to the paying capacity of the borrowing members. Under normal conditions, this can be ascertained with fair accuracy after a careful local inquiry. Speaking for my Province where the societies are mostly agricultural, the members have been greatly indebted to their sowkars (money-lenders). To give them an appropriate relief, long-term loans seem inevitable especially as a sufficient allowance is to be made for unforeseen calamities such as famine, distress, failure of crops and other local or individual mishaps, which interfere with their ordinary capacity to repay. In other words without long-term loans a Co-operative Credit Society cannot show successful results. Such long-term loans cannot be granted consistently with business practice, unless the society offers a substantial security. This consists of lands or moveables. As the members are poor, their moveables are worthless as a security. Their land forms the only solid security on the security of which relief is possible. In practical working this question of long-term loans is beset with innumerable difficulties the more so because land tenure differs so widely from province to province. With a view, therefore, to know what practical difficulties this body of co-operative veterans from different provnices have experienced and how they have overcome them I frame my inquiry in the following form :—

It is accepted on all hands that a Co-operative Credit Society should take over and perform all the functions of the private money-lender. To do this a society must pay off the old debts of its members, and this involves the grant of long-term loans. No money can be lent out unless the security offered is good and sufficient. What is the practice as regards the taking over of old debts in other provinces and what has been done in this direction ?

Mr. Lalubhai Samaldas said that in Dharwar societies paid debts to the amount of Rs. 80,000 of their members without getting money elsewhere. In one village to which the Registrar and he himself went, the land of agriculturists had actually been sold to money-lenders. They tried to persuade the money-lenders to give the land back, and finally succeeded in doing so.

Mr. Ewbank added that in one case in Gujerat they called up the entire village. Three-fourths of the villagers, including all the best cultivators, declined to liquidate their old debts on the ground that they were borrowing money from the sowkars at 6 per cent., whereas they had to pay the Co-operative Societies 9$\frac{3}{8}$ per cent.

Mr. Crosthwaite asked what security was taken ?

Mr. Ewbank replied mortgage with possession.

Mr. Crosthwaite asked what would happen in the case of a man without land who had only personal security to offer ?

Mr. Ewbank replied that action would only then be taken in the case of small debts.

Mr. Lalubhai Samaldas said that the Banks only advanced money to societies for the liquidation of old debts and asked if they would take the responsibility. They took it if they knew the man. It was for the society to decide whether they would take personal or other security.

Mr. Ewbank said that when loans for the repayment of old debts were given in Bombay, mortgage of land with possession was always taken. The land was leased to its real owner again on an annually renewable rent note. No case had yet occurred in which a mortgage with possession had been enforced.

Mr. Wilberforce said that there were two kinds of debts—secured and unsecured debts. On secured debts the interest was not high, but on unsecured debts it was very high. It was easy to pay unsecured debts, as a result of the great difference there was between the rates charged by sowkars and co-operative societies.

Mr. Crosthwaite said that in one case in the Central Provinces money had been advanced to a tenant. The man died and the widow handed over the land to the malguzar, and the society lost its money. In the Central Provinces the bulk of the members of the co-operative societies were tenants. The tenancy laws did not favour the spread of co-operation and the movement was therefore working under great difficulties. Restrictions on transfer of land and co-operation were incompatible.

Mr. Wilberforce remarked that alienation of land to money-lenders was prohibited in the Punjab. The land could only be transferred on a temporary mortgage.

Mr. Crosthwaite said that in the Central Provinces temporary mortgages were not permissible.

Mr. Mitra said that in Bengal land could not be transferred without the consent of the zamindar.

Mr. English thought that, provided the total security of a society was good, it was for the society to look after its individual members. The old unsecured debts in Burma were a serious matter, the rate of interest being in some cases as much as 200 per cent. Liquidation was therefore essential if a society was to succeed. Claims were called for and a verification of them made. Three months was given to the unions to arrange with creditors for reduction if possible, and frequently a reduction of one-third to one-half was made. All land of all the members was mortgaged to the societies or to the unions during the period of liquidation of such debts. The security of the society as a whole was taken into account. Cases might happen where an individual got a loan for more than the security he could provide, but this was found in practice to be safe. The A. B. C. system of repayment laid down in the bye-laws was enforced. Promissory notes or other evidence of liquidation were filed and payment was made before the Society.

Mr. Crosthwaite asked whether the security was personal or land ?

Mr. English said that it was the two combined. In some cases the land was valueless, being communal land which could not be sold. Oral mortgages were legal in Upper Burma.

Mr. Crosthwaite said what defeated them in the Central Provinces was the power of surrender to the malguzar.

Mr. English said that he did not pay any particular attention to the value of the land. Liquidation was generally not started for two years after the formation of a society. If the society was good and the union thought it good, then it was quite safe.

Mr. Crosthwaite said no progress in co-operation had been made in Hungary until power of transfer of land was given.

Mr. Chatterjee said that in the United Provinces tenants had no right to sell or mortgage and could not sublet for more than five years. They waited for two years before starting to liquidate old debts. The Panchayat knew which were good or bad members. Mortgages were discouraged as much as possible.

Mr. English said that their object in Burma in insisting on all members mortgaging their property to their societies was to secure personal feeling, and to make a member realise that he was in his society up to the hilt.

In reply to Mr. Langley he said that there was no hard and fast rule and that the general policy was what he had described.

Mr. Crosthwaite said that no precautions could guard against an epidemic of plague or of cholera.

Mr. English said that the unions were liable in that case.

Mr. Chatterjee remarked that a son usually became a member on the death of his father and that they had very few bad debts on account of deaths.

Mr. English said that they never lost anything by death.

Mr. Swamikannu Pillai said that in Madras they started liquidation of debts at once on the registration of a society. Those whose debts were beyond power of relief, were not admitted. The maximum period allowed for the liquidation of old debts was five years. In special cases it might be extended up to ten, and debts were taken over in the form of mortgage without possession.

Mr. Mitra said that in Bengal they did not attempt liquidation in initial stages. As soon as some progress has been made, funds were allotted for the liquidation of old debts. If possible, a composition was effected with the money-lenders. One of the Central banks maintained a register giving particulars of cases in which composition had been effected. A mortgage was not taken in every case as it was practically valueless if the zamindar withheld his consent. Personal security was therefore taken, and there had been no failure so far.

Mr. Crosthwaite remarked that it had to be remembered in this connection that the co-operative movement had not long been in existence and that the future had to be looked to.

The President said that no general rules could be laid down as the law regarding the alienation of land differed in different provinces. A note would, however, be made of what the members had said.

The discussion then closed.

SUBJECT NO. VI.—Future interest decreed by civil courts in suits instituted by Co-operative Credit Societies.

Mr. Chatterjee read the following paper :—

With the spread of the co-operative movement, societies often find themselves compelled to go to court against a defaulting member. In such cases our experience in the United Provinces is that courts practically never allow future interest on the amount of the claim and on the costs at more than six per cent. Under the Civil Procedure Code a court is debarred from granting more than six per cent. on the amount of costs, whereas a discretion is allowed to the court with respect to the decreed claim. As a matter of fact six per cent. is the rule in both cases. This operates as a great hardship on small societies. Certain technical formalities have to be gone through before a decree can be actually executed, and it is seldom less than six months before a society can realise the amount of the decree. During this period it is allowed interest at six per cent., whereas small societies at least in the United Provinces generally pay 9 to 12 per cent. on borrowed capital. I venture to think that the law restricting interest on costs to six per cent. requires amendment and civil courts generally should be advised to allow future interest at a reasonable rate in suits where a co-operative society is the plaintiff.

Mr. R. G. Naik said " I have heard of complaints in my district that societies are only given 6 per cent. future interest when they file suits in civil courts. Though

granting of future interest is discretionary with the civil courts, still some concession ought to be shown to co-operative societies in the granting of such interest. Societies in my province borrow money from the Central Bank at 7 per cent. Supposing this money is lent to a member, and we have to file a suit. If the court grants future interest at 6 per cent. the society is certainly a loser."

Mr. Ewbank said that he had one or two proposals to make. He thought that it was very unlikely that Government would undertake legislation. Under the English Building Societies Act, fines, penalties and forfeitures were expressly empowered to be levied from the members in such societies. The power to fine members had been considered a necessary element in membership under the English Act. It was not quite clear that it was so under the Indian Act. On the analogy of the English Act, societies might levy a penal rate up to the date of actual repayment. That would over-rule the discretion of the Sub-Judge under the Civil Procedure Code.

The President said "It would give the societies another remedy."

Mr. Ewbank said that his second proposal was in connection with arbitration. As far as he knew, no rules had yet been made in any province regarding arbitration.

Several Registrars said that such rules had been made in their provinces.

Mr. Ewbank said that a rule might be made that an arbitrator's reward could be sent to the Sub-Judge to execute

Mr. Crosthwaite asked if arrears could be included in the account in dispute. He said that, in the Central Provinces, the local Administration had laid down that his decision in all disputes should be taken to the civil court, treated as an award and executed in the usual way.

The President thought Mr. Ewbank's proposals adequate, but said that they would have to be tested.

Mr. Swamikannu Pillai said that some judges in Madras had awarded more than 6 per cent.

The decision of the Conference was that it was not possible to approach Government on the subject of legislation for increasing the interest on costs awarded to Co-operative Societies or as regards future interest. The suggestions made by Mr. Ewbank were worthy of consideration.

SUBJECT NO. VII.—The necessity for a simple procedure for ascertaining the debts of members or prospective members of Co-operative Societies.

Mr. Mitra read the following paper:—

In Bengal the want of a simple and effective procedure for ascertaining with certainty the exact debts or liabilities of a member or prospective member of a Co-operative Society is keenly felt. At present it is an almost impossible task to get a proper statement of debts of members. They are usually ignorant, and they do not keep any accounts of their own. In the great majority of cases the money-lenders themselves do not keep proper accounts, and when they do, they try their best to keep their clients in ignorance of their accounts; nor is there any means of enforcing the submission of accounts of members by money-lenders. It is therefore very difficult for co-operative societies to liquidate the outside debts of members, who in consequence do not obtain the full benefits of the provisions of the Act. It is also very difficult to deal with a member who has old and indefinite debts hanging over his head. I do not know whether a similar difficulty has been experienced in other provinces.

Mr. Mitra continued: Where village societies are well established institutions, the force of public opinion compels a man to reveal his debts but the greatest difficulty was experienced in new areas.

Mr. English said that there was no way of ascertaining old debts. Neither the societies nor the Registrar could be turned into a Bankruptcy Court. He had had to stop enquiry in the Mandalay Canal Tract.

Mr. Wilberforce said that after a bit a man told his society what his debts were.

Mr. English said that the creditors were the difficulty. It was impossible to get to the end of their claims.

Mr. Damle said that, in Berar, record was kept of all debts. They got both parties to come and give information.

Mr. Langley said the only way was to have a legal provision as in the Courts of Wards Act or in the Bundelkhand Encumbered Estates' Act.

Mr. Mitra said that one of the resolutions passed at a recent Bengal Co-operative Conference was to that effect.

Mr. Crosthwaite said that it was not possible to ascertain old debts by means of conciliation proceedings.

The President said that there had been successful conciliation proceedings in the Central Provinces.

Mr. Crosthwaite said that these had nothing to do with Co-operative Credit Societies.

Mr. R. G. Naik said he thought that some legislation on the lines of the Court of Wards Act was necessary to ascertain the debts of the members of the Co-operative Societies. If the old debts of a member of a society were to be redeemed the Registrar could notify the fact in the local Gazette and ask all creditors to come forward with all their claims within a certain time. If anybody did not come forward within that time, his debt should be considered as satisfied. If legislation of this character were enacted, he thought there would be no difficulty in ascertaining the debts of the members of Co-operative Societies.

Mr. English said as societies were getting stronger, matters became less difficult.

Mr. King said, speaking from his experience, it was necessary to liquidate old debts fully. The Registrar ought to have the same power of liquidation as an Executor or Trustee under a will in order to make money-lenders present their claims in a reasonable time. It was a most difficult question, and it was very hard that no assistance should be given.

Mr. Ewbank said that the question did not arise in Bombay because they could compel a statement of accounts by creditors under the Deccan Agriculturists' Relief Act.

Mr. Mitra said that the insertion of a simple additional clause under section 43 of the Co-operative Societies Act would do.

Mr. Swamikannu Pillai said that in Madras there was no difficulty in ascertaining old debts. All the village testified to them.

Mr. Mitra said that in Germany there was a complete register of debts, and all secured debts could be ascertained by looking up the records. He thought that unsecured debts could also be ascertained.

Mr. Hamilton said that the analogy with an executor or trustee was not complete. Until a man's debts were ascertained, the society might not be willing to pay. An advertisement of the kind now contemplated must be merely tentative. It should not commit a society to anything.

The Conference finally decided that some procedure corresponding to the Bundelkhand Encumbered Estates' Act for ascertaining all debts seemed to be worthy of consideration by the Government of India, it being understood that the society in advertising for a list of the debts of its members did not commit itself to the payment of any or all of them.

SECOND DAY'S PROCEEDINGS.

The Conference reopened at 10-30 on the morning of the 17th of October 1913.

SUBJECT NO. VIII.—The best method of calculating working capital.

Mr. Mitra submitted the following paper:—

In the memorandum on the statistics for co-operative societies issued by the Government of India it has been laid down that the working capital should be arrived at by totalling the following columns in the asset side of the balance sheet:—

(1) Cash in hand in bank.
(2) Loans due by members.
(3) Loans due by societies.
(4) Value of stock in hand.
(5) Other items.

Other items would apparently include entrance fees due, and the value of stock would also include the value of forms in use. I think it is unnecessary to take these into account in determining the working capital. If by working capital is meant the capital which a bank raises for carrying on its business, a far satisfactory method of calculating the working capital will be to total up the main heads under the liability side, namely:—

(1) Loans and deposits from non-members.
(2) Loans from other societies.
(3) Loans from Government.
(4) Share capital.
(5) Deposit by members.
(6) Reserve fund and other funds.

I think some people are of opinion that the total "fixed" assets which is sunk in building, plant, etc., should be excluded from the total arrived at in the above manner. It seems to me desirable that the question should be discussed at the Conference.

The President asked Mr. English to present the report of Sub-Committee I on this subject.

Mr. English presented the following report:—

"The Sub-Committee considers that "Working Capital" should mean the Liabilities as shown in a standard balance sheet, excluding column 19 (Interest due) and column 20 (Sums due for cost of management) and column 24 (Profit and Loss). Profit and Loss should not be included as part of profit consists of interest due but not received."

Mr. Mitra explained how working capital was at present calculated.

Mr. Swamikannu Pillai said that it might be specially noted that the reserve fund so far as it is invested separately should be part of the 'Working Capital': the matter had been understood to be otherwise up to now in Madras.

Mr. English said that this was so under the Sub-Committee's proposals.

The President thought that the Sub-Committee's proposals might be accepted as a basis for further consideration. This was agreed to, and the discussion closed.

SUBJECT NO. IX.—Desirability of framing rules for the supply to the public of certified copies of public documents relating to co-operative societies.

Mr. Mitra submitted the following paper:—

In the Co-operative Societies Act there is no provision regarding the supply of certified copies of documents, such as registered by-laws, certificate of registration, amendments of by-laws, etc., to any person applying for the same. I think

these are public documents within the meaning of section 74 (1) of the Evidence Act. In the Indian Companies Act there is a provision that certified copies of documents filed with the Registrar shall be supplied to any person on payment of certain fees. I understand that so far there have been no requisitions for copies of documents relating to co-operative societies from the general public, though in my Province there have been applications from societies for copies of missing certificates of registration, etc. I believe that with the growth of the movement there are bound to be requisitions for certified copies of documents from investors and others who may have to bring suits against societies or who may have been sued by societies. I shall be glad to know whether the Conference thinks that it will be necessary to have rules on the subject, and, if so, whether rules could be framed under section 43 of the Co-operative Societies Act and whether there should be a uniformity of rules in all the Provinces.

The President asked Mr. English to read the report of Sub-Committee I on this subject.

Mr. English read the following report :—

" Section 74 of the Indian Evidence Act describes a public document and Section 76 compels a public officer to supply certified copies to persons entitled to inspect the originals of such public documents on payment of fees.

The Sub-Committee thinks that a rule under Section 43 of the Co-operative Societies Act (supposing an additional provision in the Act be unnecessary) is desirable to define the classes of documents in a Registrar's office which the public have a right to inspect and to prescribe fees for the supply of certified copies of such documents."

Mr. Crosthwaite asked what documents were comprised in the Sub-Committee's report ?

Mr. Mitra said that the documents would doubtless be (*i*) Certificate of Registration, (*ii*) Order cancelling registration, (*iii*) Registered bye-laws, (*iv*) Liquidation order, etc.

Mr. Crosthwaite objected to any charge being imposed for copies.

Mr. English said that it was not only creditors who had to be considered. The general public ought to be considered.

Mr. Ewbank said that he did not think that there were any documents in the Registrar's office of which the public really required copies.

Mr. English said that publicity was part of the life of co-operative societies.

Mr. King said that confidence would be inspired if copies of documents were given.

Mr. Chatterjee said that no copies should be given except on payment of fees.

Mr. Hamilton thought that fees ought to be imposed in order to check captious enquiries.

Mr. Crosthwaite said that any interested person ought to be given copies free of charge. That could be done now.

The President asked whether copies should be given in such a case as that of a Registrar's directing a society not to invest its money in a particular concern.

Mr. English said certainly not. The Registrar's instructions in such cases would be executive instructions.

Mr. King thought that it might be left to the Registrars to decide whether fees should be charged or not.

Mr. Chatterjee thought that the matter should rest with the Local Governments.

The Resolution of the Sub-Committee was adopted.

SUBJECT NO. X.—Limitation of loans to members in share banks to a certain multiple of their share-holding.

Mr. Mitra submitted the following paper :—

In Bengal we have found it necessary to introduce a rule that credit allowed to a member should be limited to a certain proportion of the value of his shares, and, as a rule, it is limited to ten times the value of shares. This rule prevents the members from joining the societies only with a view to borrowing money, and it also encourages a member to subscribe as many shares as he can or gradually to add to his shares. Mr. Wolff in a letter to me has condemned this practice. The opinion of the Conference is invited on the subject.

The President asked Mr. English to read the report of Sub-Committee I on this subject.

Mr. English read the following report :—

> " The Sub-Committee considers it premature to lay down the principle that in limited liability share societies the size of loans should be proportionate to the share capital paid up by borrowers. Registrars should, however, keep the question in view."

Mr. English remarked that the principle was accepted in Luzzatti Banks in Italy.

Mr. Mitra said that he had found its adoption essential.

The Resolution of the Sub-Committee was adopted.

SUBJECT No. XI.—The form in which the reports of Provincial Co-operative Conferences should be drawn up.

The following memorandum on the form in which the reports of Provincial Co-operative Conferences should be drawn up, which had been prepared in the Department of Revenue and Agriculture, was submitted for the consideration of the Conference :—

It has been observed that some of the Reports of the Proceedings of Provincial Co-operative Conferences are in reality nothing but a collection of official papers as they contain only reports of speeches made by officials. Even if non-official members of such Conferences take no part in the formal Proceedings of the Conference, they presumably contribute to the discussions in the Sub-Committees. It has been suggested that the Reports would possess much more value and would stimulate interest in the Co-operative Movement if they contained a full account of the discussions in the Sub-Committees, giving the opinions of each speaker, as well as of the discussions, if any, of the Reports to the Conference by its Sub-Committees. It is also for consideration whether the reports should not be translated into the vernacular and widely circulated amongst Co-operative Societies and individuals interested in co-operation but unacquainted with English.

The President asked Mr. English to read the report of Sub-Committee I on this subject.

Mr. English read the following report :—

> " The Sub-Committee agrees with the opinion expressed in the memorandum except that it thinks it will not be possible to print more than a short account of the discussions at Sub-Committees. It notes that the proceedings of the Burma Provincial Conference are translated and issued to all societies. The constitution of such Conferences, however, differs largely in different provinces, and the Sub-Committee thinks it should be left to the Registrar's discretion in each case whether to issue vernacular editions of the proceedings or not."

Mr. Crosthwaite said that the Registrars did not always write the reports of a Conference. The report of the recent Conference in the Central Provinces was being written by a non-official. It would be published in English and in the vernacular.

Mr. Swamikannu Pillai said that he had nothing to do with the reports of Conferences which were written entirely by non-officials, and were published in English and in the vernacular.

The Resolution of the Sub-Committee was accepted as a guide to Registrars in future cases.

SUBJECT NO. XII.—The necessity for defining and standardising certain terms commonly used in co-operative societies:—

Mr. Ewbank submitted the following paper:—

Uniform statistical returns have been prescribed for all provinces under the Government of India in order to facilitate comparison of the different rates and directions of development, and to make the consolidation of statistics for the whole of India possible. The results will, however, only be misleading unless precise meanings are attached to the headings of all columns, in such a way as to prevent radically different items from being grouped under the same vague terms. In this note three examples only of the confusion at present existing are suggested for consideration.

I. Shares.

This term is used in a different sense in nearly every province. In Madras, Agricultural Credit Societies have shares which seem to approximate to entrance fees. In Bengal they are said occasionally to be another name for compulsory local deposits. In the Punjab they apparently resemble endowment insurance policies. In my own Presidency they are similar to the shares issued by joint stock Companies. If the figures returned in columns 4 and 19 of Annual Statement II are to have any statistical value, some uniformity ought to be established. I venture therefore to suggest the criteria which should distinguish shares from other sorts of capital:—

(1) They must have a certain fixed value, the face value, which may be fully or partially paid up.

(2) All shares entitle their holders to a dividend, which is not paid at a fixed rate, but is a fraction of the annual profit and therefore varies with the prosperity of the society.

(3) Liability must be limited to the face value of a share or some multiple of it.

The first criterion is implicit in the very term "share," if it is to mean anything definite at all, and need not be discussed. It is this which distinguishes it from the wider term "an interest" which also appears in the Co-operative Societies Act.

The second feature, the right to participate in the annual profits, is also essential to the idea of a share. If, like a deposit, a share carries a fixed guaranteed rate of interest, its special character is entirely altered and it should properly be called a debenture. Unless a shareholder undertakes to share both the losses and the profits of a society, he is a mere depositor or debenture holder, and cannot be said to have a share in the society in any real sense. He has no stake in the success of the society, and it would be extremely difficult to indicate in what way he differs from the ordinary long-term depositor.

The third differentia which I have suggested, is based upon the Act itself. It is contended that shares and unlimited liability are mutually inconsistent. In the previous paragraph it has been argued that shares imply dividends and distribution of profit. Under section 33 of the Act no society with unlimited liability is allowed to distribute its profits. Therefore no society

with unlimited liability can issue shares. This is the principle of the Act, although to regularise existing practice a special dispensing power under this section has been conceded to the Local Governments. My contention is supported by the phrase " the liability of the members is limited by shares," which occurs three times in the Act [Section 5, 13 (1) 13 (2)] and which seems to imply that the existence of shares necessarily limits liability. It is true that, in Section 14 (2), a reference is made to the possibility of shares being co-existent with unlimited liability, but the section is evidently intended merely to cover current practice and not to assert the compatibility of the two things.

The result of this argument would be that shares should in future be shown not in columns 4 and 19 of Statement II but in the column to which they naturally belong, in all cases where they do not conform to the suggested definition. The share capital is, at any rate in limited societies, the ultimate guarantee fund of the depositors, and it is, therefore, important that the public should not be misled as to its amount or character.

II. Loans and Deposits.

The necessity of clearly distinguishing loans from deposits arises not only in filling up the annual statistical returns but in the administration of the Act itself. Under Section 29 (1) a registered society may make loans to another registered society only with the sanction of the Registrar. Under Section 32 (1) (*c*) a registered society may deposit its funds on the security of any other registered society without his sanction. It is evident that the Act differentiates the two terms.

The form of the standard annual returns seems to indicate that this distinction has never been clearly defined and that some amendment will be required as soon as a conclusion is reached. The headings of some columns suggest that deposits are received only from members and loans from non-members. For instance Statement No. II, column 20, " members' deposits withdrawn " is not supplemented by another column for " non-members' deposits withdrawn." In the same way column 24 " loans repaid to non-members " has no corresponding column " loans repaid to members ". This would be conclusive proof that deposits were regarded as funds borrowed from members, and loans as funds borrowed from non-members, if it were not for the fact that in columns 5 and 6 of this same form the distinction is obliterated, and the headings appear " loans and deposits by members," " loans and deposits by non-members." This suggests the view that members or non-members are equally at liberty to make either loans or deposits. But the form of Statement III upsets this theory also. In column 14 it recognises " loans and deposits from non-members," while in column 17 from members it recognises only deposits, a view repeated in column 24 of Statement IV. Evidently some confusion exists as to the true meaning of the two terms.

I submit that the most convenient distinction depends not on the origin of the funds but from the terms on which they are held. A deposit might be defined as funds received by a society at the standard deposit rate fixed by the committee or general meeting of the society. A society might have several standard rates according as the deposits were long term or short term ; but deposit funds are only those received on the terms prescribed by the society itself. A loan is a sum borrowed on special terms dictated by the lender and accepted by the society in default of obtaining money on its own terms. Deposits carry settled standard rates of interest ; loans are held on special terms. It appears to me that this difference is fundamental and the distinction is logical. It explains Sections 29 (1) and 32 (1) (*c*) of the Act, which are unintelligible if it is assumed that deposits emanate only from members and loans from non-members. It is in accordance with the practice of joint stock banks. If this view is accepted, it would follow that the terms " loans and deposits of members," and " loans and deposits of non-members " should be substituted in all columns of the Annual Statements which are mentioned above."

The President asked Mr. Langley to read the report of Sub-Committee II on this subject.

Mr. Langley read the following report :—

" The Sub-Committee agrees with part of the definition of the word " Share " as proposed by Mr. Ewbank, but not with all of it. It also agrees with the distinction between the words ' deposit ' and ' loan ' suggested by Mr. Ewbank, but the opinion was that there was no need at present for the standardization of any terms as no terms appear to be misused."

Mr. Lalubhai Samaldas objected that the last part of the report did not represent the decision of the Sub-Committee.

Mr. Ewbank said that the question whether deposits could be obtained from non-members as well as from members, was not merely academic. As soon as the principle was conceded that both deposits and loans could be obtained from either, it becomes necessary to modify the headings in the annual statements. Deposits from members must be extended to include loans. He was sorry that he was not present at the Sub-Committee which thought it unnecessary to adopt a standard definition of " share ". The present variety of interpretations might mislead the public. The great point on which he would insist was that " share capital " should be liable for defaults and be the ultimate guarantee fund. This was the ordinary commercial interpretation of the term.

Mr. Swamikannu Pillai said that the distinction between members and non-members in regard to deposits (including loans) ought not to be omitted.

Mr. English said that there were two different classifications in Statements II-B and III-A.

Mr. Swamikannu Pillai said that in Statement No. III " Capital " in the statement furnished to the Conference showing the progress of the co-operative movement in India during the year 1912-13, "loans from private persons " presumably meant "loans from non-members". This ought to be made clear.

Mr. Crosthwaite was of opinion that the forms ought not to be altered at all. They had had the greatest difficulty in the Central Provinces in getting non-official members to fill up the forms. If there were any more chopping and changing, they would never get any further.

Mr. Swamikannu Pillai and Mr. Langley thought that it was not worthwhile having separate columns for " loans from members."

Mr. English thought that the heading of Column 17 of Statement III-A should be headed " loans and deposits from members ".

After some further discussion as to the exact meaning of " profit and loss," Mr. Ewbank suggested that Registrars should state every year exactly what was meant in their annual reports by " shares ".

Mr. Chatterjee thought that the Conference might pass a Resolution that the word " share " should not include debentures or deposits.

Mr. English said that it did not matter what the shares were as long as the 28 lakhs of share capital shown were really a buffer against loss by depositors.

Mr. Langley thought there was no necessity for one and the same definition for the whole of India.

Mr. Crosthwaite said that even if the definition of " shares " in the Companies Act was not a good one, he did not see how the Conference could frame a better.

It was finally decided to accept the Sub-Committee's Resolution modified as follows :—

" The Conference agrees with part of the definition of the word ' share ' as proposed by Mr. Ewbank but not with all of it. For the present all that is required is that deposits and debentures should not to be included in shares.

" It also agrees with the distinction between the words ' deposits ' and 'loans' suggested by Mr. Ewbank, but it is of opinion that there is no need at present for the standardization of any terms as no term appears to have been misused. It would suffice at present if it is borne in mind that in column 17 of Statement III any loans by members should be included with deposits."

SUBJECT NO. XIII.—The remittance of money between societies.

Mr. Langley submitted the following paper :—

In the Punjab remittances of money over some distance fall mainly under two heads (1) between District Central Banks and Village Banks in the same district and (2) between District Bank Unions and Village Societies in one district and those in another district. According to last year's figures the amount of money so sent was about 15 lakhs, and the amount must have been considerably larger during 1912-13. The greater part of these remittances fall under head (1) above. In some cases the village societies are from 80 to 100 miles from the Central Bank. In most cases the journey has to be made by road and considerable time and expense are wasted in the journey to and from the village. There is also the danger of loss of money on the way.

If the remittance is sent by money order, the commission amounts to 1 per cent. and money orders are not issued for a larger sum than Rs. 600. There is also considerable delay and other trouble in despatching and receiving money orders in villages.

In order to meet these difficulties the Government of India in 1906 at the instance of the Madras Government sanctioned the use by Co-operative Societies of remittance transfer receipts at par. But remittance transfer receipts can only be issued between Sadr treasuries whereas what is most wanted are facilities for remitting money between treasuries and sub-treasuries. The principal objection of the Accounts Department to remittances being made to and from sub-treasuries appears to be the fact that it would be necessary to keep more money available at a number of sub-treasuries and there would also no doubt be some increase in the cost of remittances if more money were paid into and drawn out of sub-treasuries. The case of each sub-treasury of which it is desired to make use will probably have to be considered separately, and it may be found impossible to allow some to be made use of at all. But it will strengthen the case for this extension of treasury facilities if the Conference passes a resolution in favour of it. It might also be considered whether a small commission should not be charged to defray the cost of remittance.

The President asked Mr. Langley to read the report of the Sub-Committee II on this subject.

Mr. Langley read the following report :—

" The opinion of the Sub-Committee on this subject is as follows :—

It is necessary that societies should be able to remit money to sub-treasuries, both in their own districts and in other districts. At present societies have the right to remit money from one treasury to another treasury by Remittance Transfer Receipt at par. In some provinces it has been ruled that the Remittance Transfer Receipt includes the cash order necessary to make the money payable at a sub-treasury. But in other provinces no such ruling has been given. Orders are required extending this ruling to all Provinces.

It is also necessary that societies should be able to pay money in at a sub-treasury for remittance to a treasury or other sub-treasury without the previous permission of the Treasury Officer."

Mr. English said that in Burma money could not be paid in at all in a sub-treasury although the privilege was more required in Burma than anywhere else owing to the prevalence of dacoities The alternative to the Sub-Committee's suggestion was to introduce the English system of progressively reduced rates of commission on money orders. The procedure suggested by the Sub-Committee was simpler.

The Resolution of the Sub-Committee was adopted.

SUBJECT NO. XIV.—The method of showing the reserve fund in the annual returns.

The following Memorandum on the "method of showing the reserve fund in the annual returns" which had been prepared in the Department of Revenue and Agriculture was submitted for the consideration of the Conference.

It is understood that there is some doubt on the part of Registrars as to the correct way in which the reserve funds of societies should be entered in the annual returns. Column No. 34 of Statement II (Receipts and Disbursements) is headed 'Carried to reserve'. In the case of many, if not the majority, of agricultural societies, this reserve is not separately invested but is used as a part of the working capital. In such cases it does not appear to be correct to enter in column 34 the amount 'Carried to reserve' unless that amount is also invested. The closing balance (Column 36 of Statement II) is the closing cash balance for the year, and if the reserve is used as working capital it will continue to form part of the cash balance; whereas if the reserve is entered in column 34 it will diminish the closing balance by that amount; so that the figure shown in column 36 will be less than the real cash balance by the amount of the reserve used as working capital and included in column 34. Column 34 should therefore include only such reserve as has been separately invested during the year as this is a genuine item of expenditure and therefore diminishes the cash balance. Otherwise the closing balance of one year can never be the opening balance of the following year. Column 34 might be altered to 'Reserve invested' and a column added after column 36 for 'Reserve not invested' but shown in closing balance.

The President asked Mr. Langley to read the report of Sub-Committee II on this subject.

Mr. Langley read the following report:—

> "The Sub-Committee is of opinion that Column 34 should be headed 'Reserve invested', but that there is no need to add in Statement II a column headed 'Reserve not invested.'

Mr. Swamikannu Pillai said that in Madras the heading had always been understood exactly in the opposite sense to that now suggested.

Mr. Wilberforce asked if there was an invested reserve in Madras.

Mr. Swamikannu Pillai said that the greater part of the reserve in Madras, nearly Rs. 4 lakhs, was invested but had not hitherto been shown in the statement.

The Conference finally decided to accept the alteration in the meaning of the heading of column 34 proposed by the Sub-Committee, but considered that in view of the difficulties which would arise from alteration of the form, no change in the actual heading should be made.

A discussion then took place as to the correct method of filling in the "Profit and Loss" column.

Mr. Lalubhai Samaldas suggested that the advice of an expert in banking should be obtained with reference to all the statements in order that he might prepare a proper form of balance sheet and drop all the statements that were unnecessary.

Mr. Wilberforce said that their hands were tied to a certain extent at present by the requirements of the International Institute of Agriculture.

Mr. English said that all what was wanted was that all the Registrars should follow the same principle.

Mr. Crosthwaite said that in time the forms would be filled up without difficulty if no change were made in them.

Mr. English thought that later on an abstract might be put into a form which would be more convenient from the point of view of the public.

Mr. Crosthwaite remarked that in the Central Provinces the balance sheet of the Provincial Bank was prepared by a qualified Accountant.

The discussion then dropped.

The discussion of the remaining subjects which had not been referred to the Sub-Committee was resumed.

SUBJECT NO. XV.—Co-operative Banks and popular education.

Mr. Crosthwaite presented the following paper for the consideration of the Conference :—

"The worth of a co-operative society", it has been shrewdly observed, "is the worth of its members." "Worth," from the co-operative point of view, is of two kinds,—moral and material. Now the worth of a new society formed from the poor and illiterate classes—and with such we are generally confronted in the Central Provinces—is crude in quality and doubtful in quantity. Of potential worth there is probably much, of actual worth little. It is the aim of the co-operative movement to develope this actual worth by means of patient and persistent training. To this end every possible means of broadening the minds and widening the outlook of co-operators must be employed. "No co-operation", says Mr. Wolff*, "can flourish without education. *We may choose our own methods according to the circumstances of each case.* The great point is that education as such, education as a main item, education in co-operation, in the mechanical services entering into its practice, and education in agricultural craftlore, should be placed prominently in the programmes of Co-operation, in the very forefront."

Certain European co-operative experts whom I have met do not, I am certain, understand how very backward rural India is as compared with even the least advanced of the European countries. As Mr. Montagu has so well expressed it, we have in India the fifth and the twentieth centuries side by side. And there is far more of the fifth than the twentieth century to be seen in the picture which a Registrar has to study. I am not, however, one of those who hold that education must precede co-operation. On the contrary I am convinced, after nine years' experience as an organizer of co-operative societies in India, that the desire for "education"—I use the term in its broadest sense—is awakened in a most effective and practical manner by the influence of simple co-operative credit societies. Popular education can, in fact, very well commence with instruction in co-operative principles and methods. If European critics only understood the conditions under which we work, and if they were faced with the actual task of organization in India, they would immediately grasp that Indian Registrars are right when they say that "co-operative cloth must be cut according to Indian means." And when the time comes to write the history of the movement in the twentieth century it will be remarked, I think, that whereas co-operative ideas were, in European countries, a product of education, the movement in India was, from the very outset, a means of education,—it was not education's child.

No Registrar who understands his business will try and import an excessive element of officialdom into co-operative institutions ; for he knows well enough that success in organization and solid permanent results are not to be obtained by sham co-operation. But a just sense of proportion is necessary to keep the movement on safe lines ; and it is of vital importance that those who are at the helm of co-operative policy should remember that in Germany and in England, as well as in other advanced countries, the co-operative movement was of popular origin and was at first opposed by Government. In India, on the other hand, the movement has been directly inspired by Government in order to raise the skill, character, and productive capacity of those persons described in the preamble to Act II of 1912 as "agriculturists, artisans, and persons of limited means,"—a wide description covering some millions of people, but still, in my humble opinion, not nearly wide enough ; unless, indeed, it is accepted that there is nobody in India whose means are unlimited and that therefore the scope of the Act is as broad as it can be. Unfortunately, amongst the classes especially contemplated by the Act the standard of education is extremely low. But as that standard is raised it is obvious that the prosperity of the country must also rise ; for with the growth of skill, character, and productive capacity wants and aspirations will certainly increase. In fact the healthy development of co-operation must induce a general advance in prosperity which will affect all classes in India. The movement is, in truth, calculated to benefit and educate eyerybody no matter whether officials or

*"Co-operation in Agriculture", page 346.

private persons and whether within the scope of the preamble to the Act or not. It must be remembered that the Government of India has definitely stated that the organization of co-operative societies is not to be regarded as part of the ordinary duties of the district staff, though Government has also declared that it fully recognizes that enthusiastic officers can do much to help the movement.* What I have said so far may not, on first consideration, seem to have much to do with "co-operative banks and popular education." But exactly why my remarks are relevant will be understood when I mention that many of our best co-operative workers in the Central Provinces are Government officers, lawyers, merchants, landlord, bankers, Government pensioners, and the like. If the co-operative movement is to be attractive to men of so many kinds the field of enterprise which it is to cover must be a broad one. It must appeal to the heart and the intellect and not only to the purse or to a sense of duty.

The mere lending of money is not in itself the aim of co-operative banking. At first, of course, we must be careful not to undertake too much. Ambition we must have if we are to accomplish great things ; but ambition must not be separated from caution. Of all forms of co-operation co-operative credit is the easiest, and it is with "credit" that Indian co-operation commenced. The organization of co-operative concerns is, in these modern times, a business in which paid expert service cannot be dispensed with ; and it is essential that people should understand that until the credit machinery is running smoothly and regularly, and until its limitations are properly understood by those in charge of it, a great deal of harm can be done to the movement by persuading or allowing men who have only entered upon otheir co-operative studies to embark on schemes which are too advanced for them. In India, at present, I am afraid that the tendency is to press too eagerly for the introduction of very advanced forms of co-operation, the result being that there is a distinct danger of bringing in too much Government departmental assistance at the expense of self-help.

Now if we fail to insist on "self-help" in one of the many branches which co-operative enterprise may undertake we shall find it difficult to preach "self-help" as regards the other branches. I hold, it is true, that the time when the co-operative movement will be able to proceed altogether independently of Government will never come. Indeed, when we look at co-operation in other countries we find the State an important partner in the movement. A partner, it must be admitted, whose activities are restricted, as a rule, to doing what is necessary to help the people to help themselves. As far as the State and the co-operative movement are concerned the true art of administration will be found, I suggest, in accurately placing the line which is to separate self-help pure and simple from State aided self-help. This line is by no means immutable but must, from time to time, be shifted backwards or forwards. At first, it may well be, by far the greater part of co-operative ground will be occupied by State aided self-help. But, if the State wisely administers its aid, the ground will gradually pass over to self-help pure and simple until the duties of the State towards the movement stand out clearly defined in the light of experience. Popular self-help is a delicate plant to grow. It requires expert care and attention and, if forced, it perishes. The difficulty is to hit off the happy mean between a disastrous coddling and an equally disastrous want of supervision and training.

The principles which I would like to see generally accepted are as follows :—

(*i*) The progress of our co-operative banks (which include amongst their members and their directors the best educated men available) must not be confined to lending money only but must extend to the spread of general enlightenment amongst the societies which are members of and are financed by the banks.

(*ii*) In order to keep the active support of our educated workers we must captivate their imagination and show them clearly that co-operative banks are not intended only for the benefit of certain classes but that they fit into a scheme of general improvement.

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*Government of India (Department of Revenue and Agriculture) Circular No. 5—299-22 (paragraph 3) dated Calcutta, the 20th March 1909.

(*iii*) Government must give the necessary assistance in carrying out this scheme but must not itself undertake too much or too little. Both ways lies danger. Safety can only be secured by correct adjustment.

(*iv*) We must be careful not to emulate too hastily certain advanced forms of co-operation in other countries. It is far better to await the results of education in co-operation than to force the pace and make a mock of self-help by running societies with an excessive measure of Government assistance. If a project be such that there cannot be a fair division of work between officials and unofficials then clearly it is too advanced and should be postponed until unofficial co-operators are fit to perform their proper-share of the task.

I will now endeavour to point out by actual illustration how we have endeavoured to apply these principles in the Central Provinces. In the first place, we have had the greatest difficulties to encounter in the matter of the simple accounts which credit societies must either keep or have kept for them. When we first started rural organization work in 1904 early Registrars were under the impression that we should have no great trouble in finding at least one member of each society who could *and would* keep the accounts satisfactorily. The secretary of a society was to be not only the trusted accountant upon whom the Registrar would depend for his annual returns but he was also to be the " guide, philosopher, and friend " of the members. The Government Auditor would, it was assumed, go round and audit a very nicely prepared set of accounts. As accounts were (and are still) very simple it was expected that one auditor would be able to deal with a very large number of societies. These were the lines we started work on in 1904. In that year I started a few societies in the Hoshangabad District (they were the first in the Provinces), and I remember that when Sir J. O. Miller saw them he said they were not co-operative societies at all. But, such as they were, they were the only ones I could get the people to start; and although they were clumsy little birds they prospered and have now grown healthy co-operative wings. It must be remembered, in this connection, that Act X of 1904 provided for *free Government audit* and that many people thought that every Deputy Commissioner ought to be the Registrar of his district. I am not going to dwell upon initial mistakes, especially as I made a good number of them myself; still less am I going to point out how clever we, who have benefited by those mistakes, have been in making natural progress. But for the efforts of a succession of able men, who had to carry on the work of the Registrar in addition to other heavy duties, the movement in the Central Provinces and Berar would not be so far advanced as it is to-day when it is still on the threshold of its existence. The idea that capable Secretaries would be easily and frequently found was soon exploded. It was then said by some that the Provinces were not ripe for the co-operative movement. It was urged that until the spread of education became far more general it was vain to imagine that co-operative societies could succeed. But others of us held different views; and we determined to push on as best we could.

Credit societies have money dealings, and where there are money dealings accurate accounts are indispensable. Certain organizers, therefore, formed their societies round the Secretary. And the result was that as tolerably efficient Secretaries were few and far between co-operative credit societies came into existence which included in membership individuals from many villages scattered over extremely large areas. Now that co-operative principles are better understood I need not explain why mutual societies on these lines proved quite unworkable. In 1907, however, thanks to some very valuable advice from Sir J. O. Miller, we first commenced (in the Jubbulpore District) to form Raiffeisen societies, without share capital and with unlimited liability and indivisible reserve funds. It was generally expected that the movement would make very slow progress, that it would be long before it could establish itself in the money market, and that Government would, perforce, have to finance the societies. But Mr. Wolff urged that Government money was poison to self-help; and what Mr. Wolff has to say is always well worth listening to. So we decided to try and do without Government money and at once we had a fresh problem to solve. In order to finance,

organize, guide, and control our societies we started " Central Banks." Writing in 1907, in " The Agricultural Journal of India* " I said, " Nobody pretends that a Central Bank with capital subscribed by the leading men of the tahsil managed on purely business principles, and existing solely for the purpose of lending money to rural societies, is itself a Co-operative Credit Society in any sense of the term. Yet it exists for the purpose of associating the best business talent available with the co-operative credit movement, and is intimately connected with the scheme for financing and testing the merits of rural societies. The Central Bank should, then, be registered under the Act. Shareholders in the Central Bank can, of course, reside anywhere, but the committee should be chosen from shareholders resident within the tahsil. What is wanted is a committee with good local knowledge of all parts of the tahsil. It will not only control the internal affairs of the Central Bank, but will consider the applications of rural societies for loans and decide to what extent individual societies are *bankable*. The Central Bank is not only to be the source whence rural societies are to derive their capital, but a means of gauging the worth of newly formed societies. It may be argued that too much power will be left in the hands of the Central Bank, that as " interest speaks all sorts of tongues and plays all sorts of parts, even the part of the disinterested," the central committee will be able to starve the rural societies and thus kill the movement. To this no present answer can be given. The question is one of confidence, and time alone can prove whether that confidence has been misplaced or not ". That was more than six years ago ; and the men I was then writing about were the present Directors of our Central Banks who have proved so well that confidence in them was not misplaced. In 1907 I had only just started the Sihora Central Bank and had formed a few rural societies of the Raiffeisen type. In the Central Provinces and Berar there were, altogether, 63 rural societies with a capital of Rs. 31,061 and 2,154 members, and 4 urban societies with a capital of Rs. 28,509 and 667 members. We have marched some distance since 1907 ; and there were on the 30th June, 1913 in the Provinces, the Provincial Bank, 25 Central Banks (with their own Union), 1,360 rural societies, 40 industrial societies and 22 other societies with a total membership of 27,292 and a working capital of Rs. 34,37,705. Results such as these could not possibly have been obtained but for (*i*) the initiative of Government and the help of its officers, (*ii*) the enormous amount of time and trouble freely given to the movement by our unofficial workers, and (*iii*) the fact that co-operative credit was welcomed by the people and supplied a pressing need. Behind the figures are very substantial facts produced by careful education in co-operation. There is not a man who has done work for the cause without broadening his mind and his sympathies while acquiring much fresh knowledge. Most of our Directors knew but little of modern banking, and nothing of its distant cousin " *co-operative* " banking ; and, if I may be pardoned for saying so, many of them, before they became co-operators, were surprisingly ignorant of Indian village life. But active co-operative work takes men out and about, mentally as well as physically. It rouses the spirit of action and of enquiry ; and, because men cannot be careless or dilatory in money matters without causing disturbances which it is impossible to conceal, the power of actually doing things and not merely talking about them must be exhibited. Co-operation gives good men a chance of showing what they can do ; it rouses a healthy spirit of rivalry ; and it absolutely defeats the man who talks but does nothing. To get good results constant work and unremitting care and attention to business are absolutely necessary. Beyond doubt the institution of co-operative banks has done much to develop the business talent of the Provinces on lines which must have a profound influence on the future.

Then we have our annual Provincial Co-operative Conferences. These give men from the different Banks a chance of meeting each other and comparing views on the numerous questions which are constantly arising in connection with the development of the movement. The arrangements for the first Conference were made by the Registrar. Some doubts were expressed as to whether interest in the movement was then sufficiently great to secure a good attendance. But more than 150 people were present, and the Conference was followed by some very valuable and remarkable results. Now we have a Conference Committee

*" Co-operative Credit and the Central Bank " Volume II, Part I, January 1907

which is composed of un-officials who appoint their own Secretary and arrange all details in consultation with the Registrar. The holding of these Conferences has aroused a spirit of independent self-help which cannot but strengthen the movement.

At first we thought that it was too ambitious to turn our Central Banks into the more advanced co-operative institutions known as " Central Banking Unions ". We were strangers to the Joint Stock Banks ; but, in 1909, the late Mr. Deans, Manager of the Allahabad Bank, gave us our chance. And in the Government review of the co-operative work for that year the Chief Commissioner said " The past year has witnessed an important advance. The Sihora Central Bank has shown that well managed societies may expect valuable support from the Joint Stock Banks and has further justified the claim of the District or Tahsil Bank to a place in the co-operative organization by its work in investigating applications of rural societies for registration. A financing society, working in a limited area, is exceptionally qualified to decide on the fitness and reliability of a borrowing society ; the sum of the local knowledge and influence possessed by its directorate is very large and its own interests demand caution and a close adherence to the principles of co-operative banking in the foundation of its client societies. The Chief Commissioner sees in this development a very important practical contribution to the vexed question of organization.

Our village societies " with unlimited liability ", once started, commenced to improve in quality and to show a spirit that had not been expected to appear so quickly. Accounts remained and still remain the one part of their business which societies are quite unable to manage for themselves. From the ranks of the societies capable men commenced to appear ; and very soon the first type of Central Bank (of which societies were not members) will have vanished altogether. Societies hold shares and are members of Central Banking Unions and they have a voice in their management and votes with which to make that voice heard. I consider this particular advance towards better co-operative organization to be far reaching in its consequences, and, as will presently be shown, it has enabled us to deal with the question of account keeping in a way which, but for this co-operative development, would be decidedly dangerous.

At first the Directors of our Central Banks employed no paid staff. They had to master the details of their business before they could hope to be able to guide and manage paid staff ; so, with the Registrar's assistance, they did all the work themselves. In all our young Banks we still follow the same plan and allow no paid staff until Directors have acquired solid practical experience. The Auditor on the Government staff assists, of course ; and, as a rule, we find that until Central Banks are advanced enough to employ staff the Government Auditor has to actually write up the accounts of the credit societies as well as audit them. We are fast getting beyond this very elementary stage ; in our well established banks the duties of Government are now confined to supervision and audit. They do not extend to the actual organization of new credit societies and the preparation of applications for registration ; for the banks themselves are able to undertake this work. Thanks to the fact that our Central Banking Unions have banded themselves together in the Provincial Union of Co-operative Banks, which is a supervisory body formed to protect the movement from rash and unwise behaviour on the part of the individual banks which are (with their constituent societies) its members, we have been able to provide machinery by means of which co-operation may be run on safe lines with the assistance and under the supervision of the Registrar and his small staff. This machinery I will describe later.

In 1910 the movement commenced to grow rapidly. At the close of the year there were 280 rural societies with 7,622 members, 8 urban societies with 1,247 members, and 12 central banks with 804 members. Capital reached the sum of Rs. 5,02,080. But this growth brought new difficulties with it. When I became Registrar, in 1911, the movement stood in danger of starvation for want of capital. Deposits were not forthcoming; stagnation threatened. Unofficial workers were asking how they could be expected to make bricks without straw, and Deputy Commissioners wanted to know what was to be done. The Allahabad Bank was willing enough to advance money, but the Directors of that institution

very reasonably asked "How is a Joint Stock Bank to judge the solvency of remote central banks which are strangers to it?" The case of the Sihora Bank was exceptional; for Sihora is close to Jubbulpore and to the local agent of the branch of the Allahabad Bank. I had long cherished the idea of a Provincial Bank as the final link between the Central Banks and the money market. But, in 1907, I thought that we might, perhaps, be advanced enough for a Provincial Bank by 1927; for when the Sihora Central Bank started we scraped together, with the greatest difficulty, the enormous initial capital of Rs. 2,000. And most of the subscribers were sure that their money was lost to them for ever from the moment they paid for their shares. I had already tried to organize two central banks elsewhere and had failed. Unofficial workers were, in those days, very few and absolutely new to the work; and when, in 1909, I spoke to the Hon'ble Mr. Mudholkar about my scheme for a Provincial Bank he told me that I would never succeed in floating it unless Government would furnish substantial guarantees. "Give us a Government guarantee", he said, "and Berar will give you as much money as you require". Much the same attitude prevailed in the Central Provinces. However, by 1911 the position had changed. Something had been done to show that these new-fangled co-operative ideas had sense in them and central banks had steadily earned and paid moderate dividends. For the Provincial Co-operative Bank a capital of Rs. 5,00,000 was asked for and was speedily over-subscribed. Most of the capital came from Jubbulpore, in which district co-operation was firmly established. A great deal came from Nagpur, thanks to the cordial assistance of Sir G. M. Chitnavis; and the rest came from other districts in the Central Provinces. Nothing could be obtained from Berar. The Directors of the Allahabad Bank were sympathetic; for they wisely perceived that co-operative banks are allies of and not rivals of the joint stock banks, and they accepted the Provincial Bank as the link necessary to complete the chain between the small and distant village society and the great money markets. The Provincial Bank has a strong Board of Directors with whom the Registrar works in close consultation. But, at the request of the shareholders themselves, the Registrar has been exercising and must, for some considerable time to come, exercise certain executive powers which are essential to the prompt disposal of business. Here, again, it may be noted that the Directors of the Provincial Bank are being brought face to face with numerous problems with which but for the Provincial Bank they would not have had any chance of becoming acquainted. Education in co-operation is leading them along fresh and broader paths of knowledge and of thought. With the opening of the Provincial Bank to deposits (an event which has quite recently occurred) and the strengthening of its connection with the money market we shall probably be able, before long, to organize co-operative mortgage credit societies for our landed proprietors, many of whom are complaining that co-operation has left them out in the cold. *Whether they will co-operate or not remains, of course, to be seen.*

Before the Provincial Bank started work it was difficult and indeed almost impossible for the Central Banks to accept deposits with safety. Term deposits, if accepted, carry with them the necessity of meeting all obligations to depositors exactly on the due dates. Anybody who has had actual experience of co-operative banking must be aware that the requirements of societies cannot be made to fit in with a bank's liabilities to its depositors. The provision of ample cash reserves or of resources from which cash can at once be obtained to meet withdrawals has to be made before deposit banking can be undertaken. Such provision the Provincial Bank has been able to make; and so it has been possible for our Central Banks to turn their attention to deposit banking. The results have been surprisingly good*; and Central Banks have been able to prove that they have the confidence of the public and can obtain large amounts in deposits. Much of the money deposited was lying idle before it was entrusted to Central Banks; and I cannot but point to this introduction of deposit banking as yet another most valuable result of popular education in co-operation. Not only do Central Banks receive deposits: but societies† also accept deposits from their own members. Certain minimum annual deposits have to be made according to one of the by-laws of societies. New societies dislike this by-law, and they try to disregard it. But after a year or so they commence

*Central Banks now hold Rs. 4,69,207 in deposits as against Rs. 1,12,640 a year ago.

†Societies hold deposits by their own members to the amount of Rs. 79,571.

to appreciate it; and there are now grounds for hope that the practice of burying metallic money in the ground will gradually disappear.

The idea of reserve funds is a novel one to the societies; indeed it was novel enough to Central Banks, many of which were eager to distribute as much profits in the shape of dividends as quickly as they could. The larger the first dividend the better, they thought, was the quality of their business and the greater the proof of their success. The value of the reserve funds is now more generally appreciated simply because enlightenment has come with the co-operative movement. Another advance which is remarkable is the change in attitude displayed towards borrowing as such. At first Central Banks paid far more attention to the borrower's credit than to the necessity and nature of the purpose for which the loan was required. But Central Banks now understand, and so do societies, that borrowing except for productive purposes is not calculated to induce prosperity and to increase assets. A saner and better use of credit is being made. Education in co-operation has had this amongst other effects on popular character. In some districts, too, a marked decrease in litigation is being attributed by District Judges to the spread of the co-operative movement; and I know that a healthy public opinion has appeared in villages in which it had either never existed or had been dead or asleep before co-operation commenced. It is not in financial statistics alone that the work which is being done is to be seen. Yet it cannot be too strongly insisted on that vitality depends on successful finance; not, of course, on the earning of large dividends gained by the exploitation of the borrower to his detriment, but on the effectiveness of that disciplined organization which makes every man feel that he must do his full share of work and acquit himself honourably of his duty. Co-operators have asked for and have obtained public support. They are trustees for public money, and if any of that money is lost, confidence in the movement—I will go further and say confidence in the future of the country—will be shattered.

I have already referred to our Union of co-operative banks. The objects of this Union are, as stated in its by-laws :—

(*i*) to provide a regular and efficient system of supervision, audit and control for all banks and societies enrolled in membership ;

(*ii*) to secure uniformity of practice and unity in effort and in aim amongst all co-operative bodies in the Central Provinces and Berar;

(*iii*) to work for the common good of all co-operators and especially to see that co-operative business is conducted on sound, safe and progressive lines.

The Central Banks each elect one delegate who is duly empowered to act and vote on their behalf at the meetings of the Union Congress which is made up of these elected delegates. The Congress elects its own Governor, who may be the Registrar or any other duly qualified person. At present the Registrar is Governor and, as such, he nominates from the Congress members his own advisory council of four. The Governor's term of office is terminable only by his death, resignation, or the vote of a two-thirds majority of the Union Congress. The Manager of the Provincial Bank is Secretary of the Congress, *ex officio*. Every Central Bank *must* submit an annual budget to the Governor showing :—

(*i*) the name and the number of paid servants to be maintained by the Bank and its societies during the ensuing year;

(*ii*) the salaries to be paid to such servants (*a*) by the Bank, and (*b*) by societies ;

(*iii*) the approximate sums to be expended on stationery, printing, etc., for the Bank and its societies ;

(*iv*) the means by which it is proposed to raise the funds to meet these expenses.

Our Central Banks, of course, meet their expenses and pay their Managers, Inspectors, Accountants, etc., from the income they derive from interest; *not*, it must be noted, from the interest on reserve funds which is left to accumulate in reserve. But the borrowing societies carry the whole of the difference between the

rates of interest paid by societies and their individual members, as well as all profits on deposits and on accumulated reserves, to their reserve funds, which we fully recognize must be strengthened with the least possible delay by all the means at our disposal. To this policy we intend to hold fast; at any rate until reserves bear a far greater proportion to liabilities than they do at present. Meanwhile, until we can prudently devote the income from invested reserve funds to meeting annual expenses, we ask and expect the members of our co-operative societies to assist us in the efforts we are making for them. And Central Banks have, almost without exception, adopted a simple rule under which each individual member of every society pays an annual Union subscription of Re. 1. This is an absolutely inclusive charge and, in return, a trained and efficient staff is maintained for the special purpose of writing up the accounts of the societies, while all stationery (including ledgers, proceedings books, pass books, *Haisiyat* Register*, etc., etc.) is also supplied. Under this scheme in our advanced banks, to every circle of 100 societies is appointed a Union Auditor. Union Auditors are under the sole direction, control, and discipline of the Governor of the Union; by him they are appointed and by him dismissed; they work under the Government Auditors, and no man can be employed to audit unless he is recognized by the Registrar under Section 17 (*i*) of Act II of 1912. For every circle of 50 societies a Union Moharrir is employed. Union Auditors are in a class alone, but they as well as Moharrirs are paid by the societies and in this important respect they are distinct from *Bank* staff (which is, of course, also *Union* staff). No pains are spared to make societies understand that the men they pay are their servants and not their masters. Societies are learning this very readily; and they are quick to detect and to complain of any shortcomings on the part of their servants. It has already been pointed out that societies have votes in the Bank which they belong to; and it is this control which societies possess over a Bank's affairs which renders it safe to employ Union staff. Were societies merely the customers of a Bank and not its proprietors I believe that this paid staff would speedily become a colourable imitation of the subordinate Government staff,—the Patwari, the Irrigation Amin, and the rest. Education in co-operation is revealing many things to the humble peasant, and the revelation cannot fail to have a stimulating and purifying influence on rural politics and environment.

The formation of the Union, itself a product of education in co-operation, has had and is having a very satisfactory and remarkable influence on the quality of the work done by co-operative banks. Regularity and strict attention to essential banking detail is replacing spasmodic effort and unpunctuality. Our banks have got far to travel before they are perfect; but if they ever develop into model institutions, as I hope they will, it is to the Union that they will owe far more than they at present dream. Thanks to the Union an annual increase in share capital is now assured. And to the Union is due the establishment of a Famine Insurance Fund which will increase steadily as the years pass. Union by-law No. 13 runs as follows:—

> "Every Central Bank shall, with its constituent societies, make an annual contribution to the permanent and indivisible funds of the Union. Such annual contribution shall be a sum not less than 25 per cent. of the annual expenses budgeted for." Then follow these by-laws:—
>
> "The annual contributions specified in by-law 13 shall be allotted to the respective Central Banks making them and Central Banks shall employ the whole of the money so allotted in an increase of their share capital."
>
> "Share capital thus obtained by Central Banks shall be employed by them in their own co-operative business, but shall be held by them on behalf of the Union and the shares shall stand in the name of the Union."
>
> "The dividends earned by Union shares shall be paid to and invested by the Governor of the Union in Trustee Securities to form a Famine Insurance Fund to accumulate at compound interest." "In the

*A register kept in ledger form showing the material condition of each member from year to year. It is a history of his material progress and discloses how the man is getting on in the world.

event of famine or widespread crop failure and consequent tightness in the money market the financial resources of the movement may seriously contract. To provide for such a monetary crisis the Governor of the Union shall have power to make loans out of the Famine Insurance Fund to the Provincial Co-operative Bank in time of need at the average rate of interest at which the Provincial Bank was obtaining loans from the money market during the preceding twelve months. Such loans shall be of the nature of temporary advances only and the Provincial Bank shall bind itself to recoup both principal and interest to the Famine Insurance Fund as soon as the money market becomes normal again.''

The spirit of these by-laws is the spirit of prudent co-operators who have not been blinded by a new enthusiasm to their duties as servants of the public. Nor has the Union failed to think of the paid co-operative staff whose lives will be spent entirely in the service of the cause. The Union can employ no servant who is without a Union license; and this will give the staff a recognized status. There is a Provident Fund too, and to this the Union adds for every servant 10 per cent. of his salary; compound interest at 6 per cent. is allowed on these contributions and is credited to each account. Dishonesty and gross neglect of duty are punished by forfeiture of all claims to any share in the Provident Fund. Before full privileges in the Fund are allowed 15 years of approved service must have been completed: while special rewards are promised to service of exceptional merit and length. Such, in brief outline, is the Central Provinces Union of Co-operative Banks which, unless I am absolutely mistaken, will help not a little in the advancement of popular education on practical co-operative lines.

In conclusion I must mention the valuable work being done by co-operative banks in the technical improvement of agriculture and industries. Through the channels opened out by Central Banks, by their agency, and with the assistance of their Directors, the experts of the Agricultural and Industrial Department whose task, as we all know, is one of extreme difficulty, are steadily getting into touch with societies of men willing and prepared (though by no means perfectly prepared) to listen to them. This satisfactory result has been gained because, through Central Banks, communication has been rendered possible with the small individual cultivator or artisan in his isolation, and his ignorance. From their Central Banks, mereover, societies can obtain on equitable terms, the funds for better seed, better implements, and better cattle, and better silk, better yarn, purer metal, without putting their heads into the noose which that universal person the usurer knows so well how to slip tight at his own convenience. If lack of wholesome credit stood in the way of agricultural and industrial improvement a few years ago it need do so no longer. And as popular education in co-operative methods progresses the efforts of the Agricultural and Industrial Department must become more and more effective. Our best banks are already thinking of having their own small demonstration farms which can easily be inspected and guided by the Agricultural Department. These farms will adjoin the new buildings which banks must build themselves before very long, and thus situated they will serve as continuous object lessons to the many thousands of cultivators who come to the Central Banks for money. I have already been asked by unimaginative people why co-operative banks should undertake work of this kind. My reply is that in the best and most successful kinds of modern business the science of philanthropy has been found both necessary and profitable. From the purely business point of view I am sure that it will pay co-operative banks to make popular education part of their programmes. I think I can quite safely go further than that and say that unless co-operative banks do make popular education part of their business they will decay just as rapidly as they have sprung up. I take exactly the same view of the industrial aspect of co-operative work. Commencing, quite simply, with societies for credit and thrift, Central Provinces weavers are turning out better and more marketable stuff and are already buying raw materials wholesale. They have just commenced to think of co-operative sale; and they are asking for the fly shuttle looms they flatly refused to consider only two years ago. Brass and bell-metal workers are difficult people to persuade; but even they are commencing to use stamping presses and improved lathes specially designed for their needs by Mr.

Cove, Headmaster of the School of Handicrafts in Nagpur. These are encouraging signs ; and there can be no doubt that as the co-operative credit and banking machinery becomes more efficient, faster, and less clumsy in operation, co-operative enterprise will extend to the production of superior varieties of wheat and cotton, to the breeding of pedigree cattle, to the control and management of cotton gins to the wholesale disposal of manufactured articles, to the production of pure seed of guaranteed quality and termination. We are already doing something to direct popular effort in these directions. But I hold that Government need be in no hurry to introduce these schemes for they will be found knocking at the door as soon as our banking and credit arrangements are in order.

A little first-hand knowledge of co-operative work has an excellent effect upon those who form, upon theories and book learning, opinions which are too optimistic or too pessimistic. In co-operative affairs simple facts count for so much ; and Registrars have to deal with things as they are and not as they ought to be. The interests at stake are so great and so complex that they cannot but be, and must always continue to be, the intimate concern of Government. But as I have already said, the co-operative movement can easily be ruined and the whole structure of our banks and societies can be brought crashing to the ground by either too much or too little control.* It is the duty of the Registrar to act as co-operative adviser to Government as well as to the people ; it is the task of the Registrar to see that official and unofficial efforts are blended harmoniously together. He must take his good where he finds it ; he must know the waters over which he has to pilot the movement ; and he must not allow that aimless drifting which is certain to end on the rocks of monetary loss. It is essential that a Registrar should properly appreciate the means at his disposal and be definite in his purposes and aims. For, when all is said and done, it is the Registrar who has to frame the policy of co-operative banks ; and it must be his care to make this policy generous and comprehensive. There has of recent years been much discussion on all sides as to what Registrars should do and should not do. Similarly, there has been much argument as to the exact part which Government should take in the co-operative movement. This paper has been written in the hope that an account of our development and our experience in the Central Provinces may assist in the solution of these problems. I have tried to show that where officials and unofficials have worked earnestly together for the cause there, and there only, have good results been obtained. Where, on the other hand, such co-operation has unfortunately been absent nothing has been accomplished. It appears to me that the future of the co-operative movement in India depends upon the continuance of an equitable partnership between the State and the people, and I believe that this will become more and more evident as our co-operative education proceeds. That popular effort will speedily gain in strength and volume must be our pious wish ; meanwhile I ask the Conference to adopt as resolutions the expressions of principles [(i)-(iv)] set forth in the first part of this paper."

Mr. Crosthwaite explained that the paper was written for his own Provincial Conference. It was not intended as a reflection on or a criticism of what was being done in other provinces. The object of the paper was to point out that Co-operative Banks should not confine themselves to the credit aspect of the movement only, but should spread general education and enlightenment. Act X of 1904 was confined to

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*" It may be, and I trust it will be, that in time to come this movement may grow so strong as to wish to stand alone and be independent of all Government support. But that time has not yet come,"—His Excellency the Governor of Madras, December 1912.

" I mean no disrespect to the large numbers of non-official gentlemen who have helped me and my successors in office when I say that if to-morrow the Government were to notify that they proposed to withdraw from that active association with the movement which is now its prominent characteristic, the majority of the societies would disappear with a rapidity which would surprise the European expert even more than the remarkable progress of the movement has done. I do not, of course, mean to say that the Government are likely to do any such thing, or that they will be justified in doing any such thing, but I want to bring home to you that it will be a mistake to over-rate the intensity of the co-operative spirit among us from the mere number of the societies or the rapidity with which they have sprung up. The danger of the situation is that in the satisfaction we feel at what may be called quantitative progress already achieved we may fail to take due note of our mistakes and shortcomings."—Diwan Bahadur P. R. Chariar, 5th Chingleput Co-operative Conference.

" The real solution of the situation lies not in the total withdrawal of Government control but in the combination of a mixed agency of official and unofficial workers whose harmonious working for a series of years may gradually lessen the degree of Government control."—Rao Bahadur N. K. Kellkar, Sixth Simla Conference, 1912.

co-operative credit only. Act II of 1912 expanded the aims and objects of the movement. To use Mr. Wolff's words "no co-operation could flourish without education". He was not referring to big Provincial Central Banks. He was referring to the humble Central Banks run by men without any previous banking experience. He wanted the Conference to accept the principles which he had laid down on pages 33 and 34 of the paper. The progress of the best Co-operative Banks must extend general enlightenment amongst the members of societies. Banks and co-operative societies were the best medium for getting improvements of agriculture down to the small cultivators in the villages. Co-operation should not be confined to money-lending pure and simple.

The President said that he presumed that by education Mr. Crosthwaite did not mean going to school, but improvement in agriculture and conditions generally.

Mr. Crosthwaite said that this was so. He then proceeded to quote remarks made by Mr. English at the Burma Provincial Conference to the effect that co-operation ought to be actively used by district officers as a means for improving their districts.

Mr. Swamikannu Pillai said that no one denied Mr. Crosthwaite's first 'principle' (page 33 above).

Mr. Crosthwaite said that district officers did not always read co-operative literature. If they as a Conference insisted and pointed out that Banks could be of use to district officers they could do material good. They were having a tough fight to make the executive realize that banks could be of great use. The time had come to point out that Government does expect district officers to take an active and sympathetic interest in co-operation.

The President said that the Government of India had already pointed this out.

Mr. Crosthwaite said that the Government of India's way of putting the matter was negative. They wanted the district officer's active assistance, not as a privilege but as a matter of course.

Mr. Chatterjee said that the matter was one for the Local Governments to deal with. If district officers did not read co-operative literature they would not be influenced by any Resolution the Conference might pass. He received plenty of support in the United Provinces.

Mr. Crosthwaite said the time had come to emphasise the fact that co-operative institutions were serious institutions and that they were part of the regular machinery of the country.

Mr. King said that it was very refreshing to hear what Mr. Crosthwaite had said. The Government Resolution which was first laid down that district officers should not interfere in co-operative work, was a wise one. He considered that co-operative work was the most useful work in India, and now that it was on a more established footing, he thought that more help should be given. Co-operation should be as regular a part of the Collector's work as was looking after primary schools, agriculture and sanitation.

Mr. Swamikannu Pillai said that he welcomed sympathy from district officers; where they were not actively sympathetic, it was due to ignorance. He did not think it was an unquestionable advantage to make the work part of the routine of district. He had known cases in which Collectors had passed unfavourable judgments through not knowing the principles of the work. Collectors might put on their subordinates to do the work for them which would be very undesirable.

Mr. Chatterjee said that in the United Provinces the Local Government had issued circular orders forbidding inspection of accounts by subordinates.

Mr. Crosthwaite said that he did not want interference but sympathetic assistance. He did not want the Collector to organise societies, nor to check the accounts. That was the Registrar's business, but the Collector might do all he could to further the movement in his district. Where enthusiastic district officers had co-operated, great results had been obtained. Such officers carried their influence with them when transferred to other districts.

Mr. Ramaswami Aiyar said in Madras they felt that the co-operative movement should be fostered more by the people than be supported through the efforts of Government servants. Whenever co-operative societies were started by Government servants, they became weak the moment the particular officers left the place. The movement being a popular one had to be guided by the people. He understood Mr. Crosthwaite's 'principle' to mean that the co-operative ideas should be spread among the existing members of co-operative societies and amongst the people generally, so that the existing societies might gather strength and continue to work on sound lines.

Mr. English said that Mr. Crosthwaite had gone beyond his proposals. He doubted whether a Resolution of the Conference was the best machinery for ensuring sympathetic assistance. He thought the Provincial and District Conferences were more the machinery required. In Burma they had had two district Conferences and they were arranging for others. At future meetings of such Conferences the Deputy Commissioner would be asked to be Chairman and all the other members of the district staff would be invited to attend.

Mr. Langley said that he would like the Conference to pass a Resolution regarding the relationship which ought to exist between the co-operative and agricultural departments.

Mr. Crosthwaite said that there had been a misunderstanding on the part of district officers. They had been told not to interfere, and therefore they stood outside the movement altogether. There could be no success for the co-operative movement in India unless there was a place for everybody in it.

Mr. Gopi Nath said that Collectors and Deputy Collectors ought to be quite conversant with co-operative principles.

Mr. King said that the officials had been put off by the Government Resolution which had been issued on the subject. That did not matter so much in the earlier stages of the movement. There was no movement for the good of the people of India which was not the better for official sympathy and help. The crux of the whole matter was that the Government of India did not attach proper weight to the movement, and Government should pass a Resolution giving co-operation its proper place in the administration of India.

Mr. Lalubhai Samaldas said that if the Government of India were going to issue a Resolution on the subject of assistance to be rendered by executive officers to the co-operative movement, he would suggest that it should be clearly stated that the ideal to be kept in view—it might not be realised in the near future—should be to make the movement a popular one. Whatever nursing might be necessary in different provinces, in the present stage of the movement this nursing should be done in such a way that in time to come the movement might go on without Government assistance.

The Conference then adopted the following Resolution as regards the 1st and 2nd principles laid down on page 33 of Mr. Crosthwaite's paper:—

> *"The educational value of the movement, especially in relation to agriculture, should be brought to the notice of district officers in order that their interest in co-operation as distinct from administrative interference should be duly maintained."*

As regards the principles 3 and 4 in his paper Mr. Crosthwaite said that they must not press too far forward in giving co-operative societies work which they were not trained to carry out and that they required very careful nursing.

The Conference accepted the third and fourth principles laid down in Mr. Crosthwaite's paper.

SUBJECT NO. XVI.—Cattle Insurance.

The following paper was submitted for the consideration of the Conference by Mr. English:—

The formation of Mutual Cattle Insurance Societies began in 1911, and by September 1912, 57 had been formed. As the number of societies promised to

grow rapidly it was clear that machinery for re-insurance was desirable. A scheme for a Central Re-insurance Society was submitted to the Local Government in October 1912, together with draft bye-laws for such a society. It was proposed to restrict insurance in the first instance to a group of five districts round Mandalay which are known to be less liable to rinderpest than most of the districts in Burma.

The Local Government approved the scheme generally, but considered it required amendment in certain respects. It considered a $3\frac{1}{8}$ per cent. premium too low and thought more provision against fraud was necessary: it demurred to granting a donation and preferred a loan to a guarantee. It thought guarantor members an unnecessary complication.

The scheme and bye-laws were accordingly revised and submitted to the Provincial Agricultural and Co-operative Conference at Mandalay in August 1913.

A special Sub-Committee sat to consider the matter, and the Conference, adopting its findings, resolved that the premium should be raised to 5 per cent.; that rinderpest deaths should be included; that Cattle Insurance Societies were the best means of creating a strong public opinion in favour of inoculation and segregation; and that their formation was most desirable. The revised bye-laws were approved.

The revised scheme is now being submitted to Government and on receipt of its approval the Central Re-insurance Society will be established at Mandalay and the formation of Mutual (Village) Societies recommenced.

The system of insurance and re-insurance adopted is sufficiently explained in the Leaflet, Bye-laws for Mutual Societies and draft Bye-laws for a Central Re-insurance Society which are sent with this note.*

For remarks on the progress of societies I refer members of the Conference to paragraph 36 of the Annual Report on Co-operative Societies for the year ending 30th June 1913.

Personally I consider Mutual Cattle Insurance necessary in itself and as a preliminary to effective prophylaxis by inoculation. I also consider it perfectly feasible in Burma, where the principles of life and other insurance are easily grasped.

Mr. English explained that he was waiting for the Local Government to approve his scheme for a central re-insurance society. He hoped that the scheme which he had submitted would be accepted. The matter had been fully discussed at the Provincial Conference and it had been decided to form insurance societies in five districts round Mandalay where rinderpest was not prevalent. The data on which his figures were based were the figures of stock given in the Season and Crop Reports and Veterinary Reports in which deaths from contagious cattle diseases were given. The data were not at all reliable and he had had to make considerable alterations.

Mr. Langley asked what was the usual rate of insurance in Europe ?

Mr. English replied that it varied from $\frac{3}{4}$ to about 3 per cent., but that the figures were not on all-fours. The general feeling of the people was decidedly in favour of the proposal. There would be a saving of waste, and it would be necessary only to issue about one-fourth of the loans which were at present issued for replacing cattle. The scheme would also prove a valuable means of popularising the work of the Veterinary Department. He entirely disagreed with the Resolution passed at the last Conference that cattle insurance should not be undertaken unless adequate means existed for applying prophylactic measures.

Mr. Swamikannu Pillai asked if re-insurance societies would be necessary for other provinces.

Mr. English replied that they would probably want 2 or 3 in Burma.

Mr. Ewbank asked what would happen supposing that an outbreak of rinderpest or famine occurred, and all the accumulated funds of the society were exhausted.

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* See Appendix to these Proceedings.

Mr. English said that in five or ten years stable equilibrium ought to be attained. Within that period Government should give assistance. He had asked for a donation, and a guarantee, but the Government had preferred a loan. The loan would be repaid, the premium rate being adjusted to effect this. The society must be in a position of stable equilibrium from the outset and this could not be without Government assistance. They did not want to have share capital, and therefore Government must assist with a loan. It had been decided by the Provincial Conference that in order to prevent fraud all persons who insured must be members of a co-operative credit society. This would mean that practically there would be one society with two aspects. The Conference had also passed a Resolution to the effect that no new co-operative credit society should be registered in the five selected districts without a cattle insurance society as an annexe and that all old societies should form such as annexe within two years. The accounts should be kept separately. The danger was that all the insurance societies might combine to defraud the re-insurance society. In order to defeat this, if any attempt at fraud were discovered on the part of an insurance society, the co-operative society, to which it was attached, would also be wound up.

In reply to an enquiry from the President, Mr. English said that the best European experience was against levies which were unpopular and not real insurance. No objection had been raised to the rates proposed. In Burma the Veterinary statistics were very incorrect. He would not take the other districts in Lower Burma or districts in Upper Burma under 12 per cent. Deaths from contagious diseases were insured against. No animal over 12 years of age was allowed to be insured. He hoped later on to relax this and to allow animals over 12 years of age to be insured if they had been insured for three years before reaching the age of 12.

Mr. Hamilton said that under village customs in the United Provinces the hides, hoofs, etc., of dead animals went usually to the Chamars who would naturally not be members of a society.

In reply to an enquiry from Thakur Thamman Singh, Mr. English said that the valuation was made by the societies, and that no fees were charged. The insurance was against all risks including accidents except such as were due to negligence. Loss from theft or from wild animals would be considered negligence. He added that the Burma Conference had decided that the best way would be for every member of an insurance society to be also a credit-co-operator.

Mr. Low said that he had no experience in cattle registration in the Central Provinces. The statistics of cattle deaths were notoriously unreliable. He thought that the Conference might pass a Resolution asking that Local Governments should be addressed to endeavour to get more accurate figures for the vital statistics of cattle. Figures should be obtained regarding the expectation of life of cattle and particulars of deaths in small typical areas. They had no knowledge in the Central Provinces regarding the expectation of the life of cattle. He would not like as a Provincial Director of Agriculture to have anything to do with a cattle insurance scheme without some figures. A mere experiment for a few years would not justify any deductions on a large scale.

Mr. English asked why figures should not be obtained through co-operative societies.

Mr. Low replied that he did not consider them suitable agencies.

In reply to a question from Mr. Ewbank, Mr. English said that the Committee's certificate regarding the cause of death was accepted in all cases, and that there had been no doubtful cases. With the permission of the President, Mr. English read the following Resolutions which had been passed by the 2nd Annual Agricultural and Co-operative Conference, Burma :—

> " (1) That in the absence of trustworthy statistics on which to base the expectation of life among cattle in Burma, a premium rate of 5 per cent. of the insured value appears to be adequate for the covering of all insurable risks including rinderpest in the five districts to which cattle insurance is at present confined.

(2) That the formation of a central re-insurance society is essential to the successful working of any scheme of mutual cattle insurance, and that the bye-laws for such a society laid before the Conference are generally approved.

(3) That none but members of co-operative credit societies should be eligible to join mutual cattle insurance societies.

(4) That the system of mutual cattle insurance societies backed by a central re-insurance society laid before the Conference would provide a most efficient agency for improving the care and supervision of cattle, preventing epidemics and encouraging the people to adopt prophylactic measures against disease.

(5) That it is desirable in the interests of cattle-breeding in the province that increased attention should be devoted by cattle owners to the care of heifers whose well-being is as important to the future of the stock as that of the males."

The Conference then passed the following Resolutions :—

"The Conference approves generally the system adopted by Mr. English in Burma as suitable for imitation elsewhere when Co-operative Cattle Insurance is introduced into any province.

It also approves the suggestion that Local Governments should be asked to institute special enquiries in selected areas with a view to finding the necessary data on which the rate of insurance for such societies could be based. It also considers that temporary aid by way of loans may suitably be given by Local Governments at the commencement of such societies in view of the protection given by the societies to agriculture."

SUBJECT NO. XVII.—Government Assistance to cattle Insurance Societies.

The following paper was submitted to the Conference by Mr. Gustav Haller :—

I take it for granted that the article on Live-Stock Insurance contained in pages 292 to 301 of the 'Report to the Board of Agriculture and Fisheries, etc.,' by J. R. Cahill, has been read by the members of the Conference.

In Germany the State undertakes to pay compensation for losses caused by cattle disease, as well as for losses incidental to measures adopted against the spread of cattle disease. The funds for such compensation are raised by a small cess levied on all live-stock; this cess varies from $1\frac{1}{2}$, 2, and 3 annas per annum for each horse, cattle and mule or donkey. Accordingly cattle insurance societies have no responsibilities with regard to contagious diseases: rinderpest, anthrax, foot and mouth disease and to some extent tuberculosis.

Live-stock insurance societies are also assisted by Government by either lump grants for forming a capital or by annual contributions.

In my opinion if a cattle insurance society is to be of much value, it should be able to accept also risks against contagious diseases. But this is only possible with very high rates of premia or help from Government.

I would ask the Conference kindly to consider in what form such aid should be given by Government. Annual grants are a direct loss to Government and not advisable for several reasons. I would suggest a loan for forming a capital, the interest of which would go towards the formation of a reserve fund. Such capital might be a temporary loan and should be placed outside the reach of the live-stock insurance society; for preference invested in other co-operative societies of good standing with the approval of the Registrar. The Government of India were pleased in their Resolution No. 1-63-3, dated 29th April 1904, to sanction advances to co-operative societies, free of interest for three years and thereafter at 4 per cent. A similar boon to live-stock insurance societies would be of material assistance. The capital may be free of interest for say

4—5 years, and then be withdrawn by ten annual instalments with interest at 6¼ per cent. It is needless to add that if Government were to assist such societies the public would have more confidence in them.

Mr. Haller went on to say that in Coorg Cattle Insurance Societies had been in existence since March 1913. Six societies with 236 members had been formed, 335 head of cattle had been insured for 3,356 rupees, and the first year's insurance, amounting to Rs. 964, had been paid up. The main features were these :—

(*i*) Only ploughing cattle up to the age of 7 were accepted;

(*ii*) The premia were fixed at such rates given in Appendix K of his Annual Report that in four years the full value of the policy was paid up;

(*iii*) After the 4th year the full value of the animal was paid by the society whether it was dead or alive; the money is however kept in the society at 5 per cent. until the animal is dead or declared unfit for ploughing.

(*iv*) All risks were accepted, but no compensation was paid for loss or theft, or for the act of a third party who was legally bound to compensate the owner, or if in the case of a contagious disease or other serious illness veterinary aid was not asked for it;

(*v*) The societies are managed by a Committee who are assisted by Panchayets of three persons whose duty it is to value cattle and certify the death of insured animals;

(*vi*) Hides are considered the perquisite of the Pariah, but insurance societies insist on one-fourth of the value of the hide as their property. This was done with the object of inducing the owner to sell the hide himself and thereby prevent cattle poisoning which is often resorted to by the Pariah in order to get money.

Mr. Haller went on to say that he thought that the Government should place money at the disposal of cattle insurance societies for 3 or 4 years, free of interest, which could be invested in co-operative societies and the interest on which would go a good way to paying losses. For the present societies could get on without assistance from Government, but if assistance were given, more confidence would be placed in the societies. The societies were organised on the system in force in Germany.

In reply to a question from Mr. Swamikannu Pillai, Mr. Haller said that the insurance societies were separate from credit societies. There was no reinsurance society.

In the course of a discussion as to the age at which cattle should be insured Mr. Low remarked that the working age of cattle in the Central Provinces was from 8 to 12, and Mr. English said that for all practical purposes there was no difficulty in ascertaining the age.

Mr. English said that the operations of societies must be extended over a large area to make any scheme of cattle insurance pay. The rates charged by Joint Stock Company were no criterion as they were unacquainted with local conditions, and could be defrauded by the insurers.

It was decided that the Resolution passed on subject XVI met the case of this subject also.

SUBJECT NO. XVIII.—The organisation of co-operative dairies.

Mr. Chatterjee submitted the following paper :—

In all large towns in the United Provinces, the question of milk supply has become very acute. It is not only that pure milk cannot be obtained at prices within the means of the average citizen, but in many places it is impossible to obtain

an adequate supply of milk of even moderately good quality. With a view to attacking the problem by co-operative methods the Visweswar Dairy Society was established at Benares by my predecessor Mr. Fremantle in June 1911. The Ahirs (or cow-keepers) of Paharia, a suburb of Benares about four miles from the heart of the city, have formed themselves into an ordinary unlimited liability credit society which is financed and supervised by the Kashi Co-operative Society (the Central Bank for the Benares District). This credit society lends money to its members for the purchase of cows and she-buffaloes, for buying fodder and for other needs. The same members have also formed themselves into a limited liability productive society (known as the dairy society) which has acquired land and built sheds, offices and outhouses in Paharia and also hired shops in different parts of the city for the sale of milk to the general public. The members are compelled to keep their cows (in milk) in the sheds, the fodder is inspected and passed and the milking is done in the presence of a responsible manager. The milk is transported in locked cans from the dairy to the shops in the city where it is sold at eight seers a rupee. The members are paid ten seers a rupee, and the margin is utilised for all expenses and also for paying a dividend and building up a reserve fund. The chief difficulty in this society has been the very heavy charges for transport. The sheds and land, etc., have also cost a large sum in capital account. The yearly payment of interest and of a portion of the principal of the loan is a heavy burden on the society. The business is likely to be much more profitable if it can be extended—and there is also a very great demand for the milk—but the society cannot afford to borrow further sums at present.

These difficulties have induced us to try a different form of milk society at Katra in the civil station of Allahabad. With generous help given by Mr. Fremantle, who is now Collector of the district, a combined credit and productive society (unlimited liability) has been organised among the Ahirs (cow-keepers) living in the hamlet of Beli close to the civil station. The building of sheds has been deferred. The members bring their cattle to a central enclosure in the immediate vicinity of the *bazar* to be milked in the presence of a responsible official. The milk is then transported in locked cans to a shop close by and is sold for cash to customers. In this case it has been arranged that the cattle-sheds at the homes of members and also the fodder given to the cows will be frequently inspected. The society started work in July last.

An unlimited liability credit society has been in existence for some time amongst the Ghosis (Musalman cow-keepers) of Lucknow civil station. The members have so far been always loyal to their society. In Lucknow there is a large demand for cream and butter and also for milk specially from dairies conducted on sanitary principles. In order to improve their business the Ghosi society is now converting itself into a productive dairy society. Mr. fforde, the Deputy Commissioner, has taken a great interest in the scheme. The society has secured a very good plot of *nazul* land on rent and is now building thereon sheds for cattle, quarters for the members, an office where also cream and butter will be manufactured and also quarters for a manager. The plans have been prepared with the assistance of the sanitary officers of the municipality. The society is being financed by the Lucknow Central Banking Union. The members are very keen; the site of the dairy is excellent and there will practically be no expenses for transport; demand for dairy produce in Lucknow as I have said already is very good. But the capital expenditure will be heavy, although the estimates are being kept down as low as possible. I hope the enterprise will be successful.

In some towns in the province it is not feasible to form co-operative societies of cow-keepers because there are not enough men belonging to the trade. At Basti, which is a small town, the supply of milk is so inadequate that a number of consumers have formed a limited liability society and started a dairy. They have imported cows from other districts and sell the milk only to members. The supply from the dairy is so far unequal to the demand.

In a number of other towns, milk societies in one or other of the above models are at present under discussion. It is difficult yet to tell which particular form will be successful. From the small experience gained so far I think that in ordinary circumstances it is desirable to start on the simple Allahabad model. It is true that from the sanitary and hygienic points of view there are

many objections to letting the cows remain in the homes of the members. But it is more important in my humble opinion to secure an adequate supply of moderately good milk at reasonable prices than to obtain a small quantity of absolutely pure milk at a cost much above what an ordinary citizen can afford. When a society on the Allahabad model is well established and the cow-keepers have learnt the value and uses of organisation it will be easy to take a further step and build sheds and purchase implements and machinery."

In reply to questions Mr. Chatterjee said that the milk societies in the United Provinces did not make *ghee*. The milk was not tested. It did not sell at a higher price than other milk.

Mr. Hamilton said that in the case of milk societies at Allahabad no elaborate tests were made but the milk was roughly tested with a lactometer, a test which was not, however, of any very great value, and often deceptive.

Mr. Chatterjee said that a milk-consumers society had just been started. There were three societies which consisted of cattle owners. A Co-operative *ghee* making society in Bundelkhand was once talked of but could not be started owing to the difficulty in disposing of skim milk.

Mr. Low said that there was plenty of sale for skim milk in Nagpur.

Mr. Hamilton said that they were trying to start a *ghee* society in Allahabad. The general complaint was that although the villagers brought in proper ghee, the middlemen doctored it. Prosecutions for adulteration were very seldom successful owing to the technical questions which arose.

Mr. Low said that he had local experience of the subject. There was considerable adulteration of *ghee* with fat and mineral oil. He was going to try to cheapen ghee by using it as a basis and mixing it with cotton seed oil. The difficulty arose about the testing of milk owing to the fact that there would have to be one standard for cow's milk and one for buffalo's milk. There were two dairies in Nagpur, a small one attached to the College and a small co-operative one. The sale and distribution of milk from the latter were done by contractors. It was therefore not truly a co-operative dairy, but was rather in the nature of an experiment. It was hoped to expand it later on so as to meet the needs of Nagpur.

Mr. Hamilton said that he had come across one method of adulteration of milk which was interesting. Skim milk from a local dairy at Allahabad was adulterated with the flour of *singara* which made it look like milk rich in cream.

Mr. Low said that the ghee from the Nagpur dairy sold at from 2 to 4 annas more than other ghee. All the separated milk was sold. The dairy was on a large piece of waste land outside the city. Sheds had been built for the cattle at the cost of Government. The cost was capitalized and a charge was levied on each head of cattle to pay the interest on the capitalized cost.

The President remarked that the subject of dairies would be discussed at the next meeting of the Board of Agriculture. *The discussion then closed.*

The President in closing the proceedings said that he was grateful for the attendance of non-official members and also of those official members who were not Registrars. He also welcomed the presence at the Conference of Mr. Ramunni Editor of "Commerce and Co-operation," Bombay.

Mr. Hamilton proposed a vote of thanks to the President and the proceedings closed.

THIRD DAY'S PROCEEDINGS.

The Conference re-assembled at 10-30 on the morning of Saturday, October 18th. The following address was delivered by the Hon'ble Sir Robert Carlyle :—

Gentlemen,

It is now seven years since I first attended a Co-operative Conference. We have moved fast since then, and the infant of 1906 is now a vigorous youth. During the

past year the loans advanced to members have increased by a crore, while the membership of Societies in India has increased by nearly 160,000 to a total membership of 573,000. Including the families of members there must now be 3,000,000 people directly interested in Co-operative Societies. The total population beneficially affected is much greater. Where the co-operative movement is strong the money-lender who wishes to keep his clients has to reduce his rate of interest and to show some consideration for his debtors. Taking this into account, at least 6,000,000 people are now benefited, either directly or indirectly by the co-operative movement.

We all, assembled in this room, know well that the co-operative movement means something very much more than the provision of cheap credit. Cheap credit is very important and without it material progress may often be impossible, but cheap credit, if given to a man not trained to its use may prove his undoing, and it *will* prove his undoing if all the use he makes of it is to borrow more largely for unproductive purposes. Co-operation, if it is to be of permanent benefit, must teach the debtor how to use the money he borrows. We know even from our Indian experience how quickly a good society teaches this lesson, but for an object lesson one has to go to a country like Ireland where the co-operative movement inaugurated and guided by Sir Horace Plunkett is transforming the country.

A debtor cannot be made a new man by a stroke of the pen. It is easy enough to get a number of cultivators to undertake to be jointly and severally responsible for the repayment of loans. It is constantly done by Government, and the device has enabled Government to lend more freely and to dispense with troublesome enquiries as to the security each individual can offer. It is a device which has served and will continue to serve very useful purposes, but it is only a very short step towards true co-operation. By itself it does little to teach the debtor. This is why I have always urged great care in starting new societies, as we have to see to it that they are true societies and not mere aggregates of individuals. We have to make sure that our foundations are well and truly laid, and this involves great labour, but labour which is well repaid.

The task on which you are engaged, Gentlemen, is a glorious one. True co-operation will transform India. Where else can we find so strong an incentive to the now dumb masses to educate themselves ? Where else can we find so admirable a training for local self-Government ? And remember this is bound to react on the larger political life of India. It is to co-operation again that we must all look for the speedy and effective introduction of agricultural improvements as Co-operative Societies, in some form or another, will prove an effective link between the individual agriculturist and provincial agricultural departments.

It is not for me to advise you, Gentlemen, on the details of your work, but there are some general principles which I believe to be of universal application. You should strive for steady and not for spasmodic growth, otherwise the strain on the staff becomes very great and work cannot be really well done. Then, again, every effort should be made to develop other sides of co-operation than the mere obtaining of money on moderate terms. Here I would note that I believe it will generally be found a sound principle to confine every society, as much as possible, to one kind of work, as this will conduce to simplicity of working and simplicity of working is obviously of very great importance for many reasons, but most of all because it makes it so much easier for all members of a society to take an intelligent part in the proceedings. It is perhaps hardly necessary for me to add that it will often be desirable that many members of one society should also be members of another society having a different function to perform.

Every great movement, as it develops, has its own difficulties which can only be dealt with by men who thoroughly understand the problems involved. At first, enthusiasm and a thorough understanding of the general principles of co-operation would carry a man through. This will soon cease to be the case in any province. At every turn fresh difficulties will present themselves as new lines of work open out and even as old lines of work increase in magnitude. Take, for example, the question of financing societies. In the early days the problem was a very simple one. In some provinces the question will soon become one of considerable complexity. Joint Stock Banks have been of great

assistance in many cases in financing Co-operative societies, and they have understood their own interest as any large increase in the number of Co-operative Societies must, in the end, also greatly increase the business of Joint Stock Banks. I doubt, however, whether Joint Stock Banks will be able to give much help after a certain stage of development has been reached, as they cannot lock up any very considerable part of their capital in societies which are unable to undertake to repay large sums at short notice. Take again the class of societies with which a Registrar has now to deal. At first he had only to see to the working of village Co-operative Credit Societies; now he has to deal with very much more complicated Societies of all kinds. The Registrar of the near future will require, before taking up his task, some training not only in the general principles of co-operation, but in the special features of the work in his Province and some knowledge of the general economic problems he may have to deal with will be very important. When we get to that stage, and in some provinces we have probably already reached it, understudies will be required to take up the work when a Registrar vacates his post.

You may ask what is the role of Government in this great movement. My answer is that its main functions are to do what is necessary to secure public confidence and to ensure that societies are run on sound lines. Self-help is the essence of co-operation and nothing should be done to warrant co-operators looking to Government to help them when they can help themselves. If it were conceivable that Governments could be neglectful and indifferent, it would be less injurious to co-operation than too much kindness, but you well know that neglect and indifference will not be your portion and that no Government will be found wanting when its help in required.

In conclusion I am sure I am expressing the sense of the Conference if I thank Messrs. Langley and Noyce for the very great help they have rendered as Secretaries of the Conference.

Mr. Lalubhai Samaldas proposed a vote of thanks to Sir Robert Carlyle for his very instructive address and said that he hoped that Local Governments would bear in mind what Sir Robert Carlyle had said about the necessity for understudies.

The Proceedings then closed.

An informal discussion by Registrars subsequently took place.

APPENDIX

(See Subject No. XVI above.)

(A) LEAFLET ISSUED IN BURMA REGARDING MUTUAL CATTLE INSURANCE SOCIETIES.

I.—General Considerations.

The basic principle of Insurance is the yearly payment in advance by a number of owners to a Society of a sum calculated at least to equal the yearly average amount of loss sustained in respect of the things insured, from which sum the Society contracts to pay indemnities to the losers.

The sum paid by an owner to the Society is called a premium and it is calculated at a settled proportion of the value of the property insured. The proportion payable as premium is big or small according as the risk, that is the yearly average loss, if the property insured is large or small. Thus the premium payable In respect of a masonry house is very much less than that on a wooden house. In respect of some property the risk is so great that no Society would agree to accept it in insurance at a rate of premium that any sensible man would pay. Thus the premium on a mat and thatch house would probably be so high that no one would insure it.

The larger the number of people who insure and pay premia and the wider the area over which the risks extend the more nearly does the actual amount of indemnity payable in any year coincide with the average indemnity.

At first sight it would seem that as *Insurance* business implies a large area and many insurers, it conflicts with the principle of *Mutuality* which is best attained in a restricted area, such as a single village, and with a limited number of persons insuring. And indeed there is such a conflict, but it is got over by what may be called the two storey organization, by which the Mutuality principle is attained by forming in the first case village Societies, and the principle of large area and large clientèle is arrived at by the village Societies insuring again in a Central Society which takes a half or a quarter of the premium and pays a half or a quarter of the indemnities

The Central Society cannot of course be formed till there are, say, twenty or more scattered village Societies as a foundation to build it upon. The more scattered such affiliated village Societies are, the better, because, as is well known, epidemics are more or less local in any given year and do not extend over more than three or four adjacent districts. Hence when anthrax is prevalent in Katha, it is quite likely there will be no cases in Kyaukse and Magwe.

This is the way in which the Mutual Insurance of cattle is organized in most continental countries.

The advantage gained by circumscribing the area of the village society are *proximity* of the Society to the insurer and *mutual supervision*. Cattle can be valued, inspected and deaths enquired into at once and on the spot, and fraud is rendered almost impossible as the remaining members in the village know the cattle, how they are tended, and why they die.

Again there are educational advantages in that where the whole society is concerned in the treatment of every insured beast, public opinion is formed to bear in favour of more sanitary and more careful tending, and in favour of careful measures to avoid or combat epidemics. Further, the members help each other and work together to provide against future difficulties and to obtain a general improvement in the condition of the cattle. The village as a whole learns self-reliance.

The financial advantages are obvious. In such an Insurance Society expenses are reduced to a minimum, there are no dividends to pay to the capitalist owners of an Insurance Company and there should be no loss by payment of indemnities in fraudulent cases.

Some societies in Europe demand but a small premium in advance and make up deficiencies in funds when the premium funds do not suffice to pay all indem-

nities in any year, by making a levy on the members for the deficient balance. It is found, however, that such levies are paid with a bad grace, and the great majority of societies adopt the plan of calculating the premium payable so as to make such premium income sufficient to meet indemnities. In such Societies all excess funds remaining over after the payment of indemnities in any good year are placed to a Reserve Fund from which money can be taken to make up indemnities in a year of calamity

II.—Cattle Insurance in other countries.

The extent to which the system of Mutual Insurance of cattle has been adopted in other countries points the way to us in Burma. A few instances are given below :—

Mutual Cattle Insurance exists in England, Sweden, Denmark, Germany, Holland, Belgium, France, and Italy, and probably also in Austria.

It is most developed in Holland, Belgium, and France—all countries advanced in agriculture.

Holland and Belgium are both small countries, far smaller than Burma, but the following figures show how far they have gone in cattle insurance.

In 1906 Holland had 377 such societies for insuring horses (used there for draught and ploughing) with 56,814 horses insured, and 748 cattle societies with 273,099 beasts insured. The total membership, *i.e.*, persons insuring horses and cattle was 103,454.

In Belgium in the same year there were 170 horse and 981 cattle societies. 38,266 horses and 257,815 cattle were insured and the total membership (persons) was 100,763. Besides the horse and cattle societies there are numerous goat and pig societies.

The rate of premium has been found to average 3 per cent. for horses and about $1\frac{1}{2}$ per cent. to 2 per cent. for cattle. There are more risks in Burma than in Holland or Belgium (tigers, snakes, indifferent sanitation, overwork in ploughing, less efficient control of contagious diseases) and here no society should begin with premiums for plough cattle of less than 3 per cent.

An insured bullock or buffalo becomes to some extent " fixed property " and so of more use as security for loans than an uninsured one.

In almost all countries very young cattle and old cattle are barred, and no indemnity is paid on insured animals, the death of which results from war, riot, rebellion, theft or loss (stray), fire, lightning and flood. In many Societies deaths from epidemic diseases, such as anthrax, are not covered.

Everywhere fraud on the part of the insuring member invalidates the insurance and no compensation is paid if the death be clearly due to neglect.

All healthy cattle of a member, and not merely a selection, are insured—this to prevent fraud. Sickly beasts are excluded. To ensure that the owner will tend a sick beast properly and not let it die so as to get the insurance money, Societies never pay the whole value but a proportion varying from 60 per cent. to 75 per cent. Most societies fix a maximum value for which any single animal may be insured.

The owner states the value when he gives in the list of his cattle. This valuation is checked and may be modified by the experts or committee and their valuation is the one on which the premium is paid. Valuations are checked and, if necessary, altered every six months immediately before the half-yearly premiums are paid. In all cases the Chairman, Committee, and experts work gratuitously. The Secretary may be paid a small sum.

In all societies a member joins for a year and must continue membership for three years after receiving any indemnity.

A Reserve Fund is accumulated out of the balance left over after paying indemnities. When there is a Reserve Fund an entrance fee is charged to new members.

Societies are not responsible beyond their resources. If funds do not suffice a proportionate reduction in the indemnity of the year is made all round.

One important point is that in the European countries there is *practically no rinderpest.* It has been stamped out by Government control and care on the part of owners in following the Government Rules. No Society in Burma can cover rinderpest unless the premium is raised to say 10 per cent., which would be as high as the rate on elephants and probably more than owners would care to pay.

In most European countries where Societies are numerous, they form a Central Society and to it pay one-fourth or one-half of the premiums they receive. The Central Society then bears one-fourth or one-half of the indemnities. In this way a wide tract of country is covered, say, the whole of a district, or division, or even of a province. Epidemics are almost always in scattered tracts and the freedom from deaths in one tract counterbalances the losses in another, so that there should always be funds wherewith to meet all losses. To form such a Central Society there must first be, say, 20 village societies in different districts.

III.—*Suggestions for Burma.*

In making the first model Societies in Burma it will be wise to strictly limit insurance to certain classes only of cattle. The most important class of cattle in Burma is plough and draught cattle, *i.e.*, bullocks and adult male or female buffaloes, say between four and twelve years of age. This class of cattle receives most care and attention and is most easily identified. Plough cattle do not suffer like cows and calves in famine years.

It will also be wise to exclude deaths due to rinderpest, war, riot, rebellion, the act of a third party who is liable, and to contagious diseases where the owner fails to carry out the Committee's instructions as to tending and treatment, and also to exclude losses due to theft and straying and neglect.

A safe, that is, a high rate of premium, should be levied till experience is gained. Three per cent. should be the lowest rate to start with.

When experience has been gained and the system becomes better understood it will be easy to relax the condition by, *e.g.*, admitting cows or younger beasts, by raising the age-limit, by covering more causes of death, by lowering the premium, or by paying more than two-thirds of the value. It is easier to relax than to stiffen the conditions.

There is no liability attaching to such a Society. It merely pays what it can from the funds raised by premiums.

The amount paid in indemnity is two-thirds (approximately 66 per cent.) of the value remaining after the price obtained for the skin and meat, and a third party's indemnity, if any, have been deducted. Thus if a buffalo valued at Rs. 55 dies from a gore wound and the skin and meat fetch Rs. 10, then two-thirds of Rs. 45, that is, Rs. 30, is the amount of indemnity payable.

IV.—*How to form a Society.*

The Co-operative Credit Societies Act X of 1904 requires that a Society must consist of not less than ten owners of cattle in a village. A larger number is desirable. The total value of their cattle should preferably be not less than Rs. 2,000. They should consult, and, if they agree to adopt the model bye-laws (with unimportant modifications if desired), they should apply to the Registrar, Co-operative Credit Societies, Maymyo, who will, after further explanation, take steps to register the Society.

V.—*Accounts.*

Only three books are necessary (that is all that the numerous French Village Societies keep) *viz.*—

(1) *Cattle Register.*—In which details as to the member, his insured cattle, values, and premium paid are given. Each member has a page or pages to himself bearing a number.

(2) *Receipt Book.*—With counterfoil, showing amount received—

(*a*) for supplementary payment on account of past half-year's premium,

(*b*) for premium for present half-year,

(*c*) on account of refund of excess indemnity paid,

(*d*) on account of other things (entrance fees and fines, *etc.*).

The receipts bear a serial number and a note as to the page in the Cattle Register they refer to.

(3) *Cash Book*—In which are entered receipts and expenditure with special columns for main heads and reference to the number of the receipt and (on both sides) to the page of the Cattle Register. No special policy is given, the receipt given to a member is his evidence of his payment to and claim upon the Society.

Specimen forms are attached. These accounts are very simple and quite within the powers of an ordinary village clerk.

The only calculation involved is that of working out the premium due on any sum (total value of all a member's plough cattle) at a given rate per cent. For this, a calculation table could, if necessary, be prepared and supplied.

Perhaps a better rate than 3 per cent. would be Rs. 3-2 per cent. which works out at 5 annas per Rs. 10 per year or 5 pice per Rs. 5 of value per half-year.

Besides these three account books a list of members and a Minutes Book must be maintained.

I.—CATTLE REGISTER.

_____ SOCIETY FOR THE MUTUAL INSURANCE OF PLOUGH CATTLE.

Policy No._____

Signature of member_____

Name_____

Father's Name_____

Residence_____

Statement of Plough Cattle insured during half-year
(six months)_____ to_____

Premium rate_____ %_____

Serial No.	Date.	Kind of beast.	Age.	Colour.	Full description.	Value finally fixed by Committee.	Total of column 7.	Amount of premium on total value of all beasts insured.	Remarks.
1	2	3	4	5	6	7	8	9	10

III.—CASH-BOOK.

.....SOCIETY FOR MUTUAL INSURANCE OF PLOUGH CATTLE.

Receipts.

Date.	Policy No.	Serial Number of receipt	From whom received.	Entrance fees.	Supplementary payment of premium due on account of past half-year.	Premium for present half-year.	Others.	Total	Remarks.

Expenditure.

Date.	Policy No.	To whom paid.	Indemnities.	Premium paid to Reinsurance Office.	General expenses.	Total.	Remarks.

(B) BYE-LAWS ISSUED IN BURMA FOR A CO-OPERATIVE SOCIETY FOR MUTUAL INSURANCE OF PLOUGH CATTLE AGAINST DEATH.

Objects, etc.

1. The Society shall be styled the

Village Co-operative Society for the Mutual Insurance of plough cattle against death. Its registered office is at

It is registered under the Co-operative Credit Societies Act X of 1904, section 29.

2. The objects of the Society are to provide for its members an indemnity in case of the loss of plough cattle due to death from disease or accident.

Scope of Insurance.

3. The Society will not accept for insurance beasts other than healthy bullocks and male or female buffaloes between the ages of four and twelve years.

4. The Society will not pay any indemnity on account of animals the death of which is due to the following causes :—

(*a*) War, riot or rebellion.

(*b*) Theft or loss by straying.

(*c*) Journey by railway.

(*d*) The act of a third party who is legally liable to compensate the owner.

(*e*) Contagious diseases mentioned in the Veterinary rules where the member has failed to carry out those rules or to inform the Committee of the outbreak.

The Society will not insure any beast for more than Rs. 100.

The Society reinsure up to half its risks with a Reinsurance Society or a Joint Stock Company approved by the Registrar.

Membership.

5. Each Society shall operate in an area not larger than a village.

6. All respectable persons above eighteen years of age who own plough cattle in the village and are members of a registered co-operative credit society are eligible for admission and on application may be admitted by the Committee. On admission, a member must sign in the Register of Members as having received and read the bye-laws.

7. A member must belong to the Society for a year at least and for three years after he receives any indemnity (except in the case of removal of residence beyond the village area).

8. Withdrawal is only permitted on two months' written notice being given to the Committee.

9. Expulsion may be made by the Committee, with appeal to the next general meeting, for ill-treatment of cattle, grave faults, fraud or deceit, or for breaking rules or refusal to carry out sanitary orders of the Committee or Government.

On withdrawal or expulsion the member loses his rights but retains liabilities (*i.e.*, to pay up unpaid dues).

Valuation.

All his plough cattle must be declared by an owner with details of *age* and the *value* he places on them and *description*. Deceit invalidates the insurance. Three experts chosen by the general meeting from among the members will check these owners' valuations and fix values finally. These experts can refuse to apmit animals in bad condition.

Newly bought animals must be declared within fifteen days and will not benefit from insurance for fifteen days after declaration. They must in all cases be inspected by the three experts.

Animals bought to replace animals sold can be substituted, provided their value is practically the same.

No refund of premium is allowed in case of sale.

The owner is bound to inform the Committee of all cases of illness at once and to carry out its suggestions for treatment.

Incurables can be sold by order of the Committee and the indemnity payable will be that due for death less the price obtained.

Experts may not judge their own cattle or those of near relatives.

The Committee will judge such cattle.

Finance —Premia—Reserve Fund.

Each year each member must pay in advance a premium of 5 per cent. of the value of each animal insured. The premium is payable in two instalments at the beginning of each six months after the revision of the valuations.

In case of non-payment the member can get no indemnity.

If a member wishes to remove an insured beast or beasts beyond the limits of the township, he shall be bound to inform the Committee and to pay such enhanced premium as the Committee may fix, subject to a maximum of 8 per cent.

The General Meeting can raise the premium when it thinks it insufficient.

From the second year the General Meeting can charge new members entrance fees.

The funds of the Society shall be :—

(1) The General Fund.

(2) The Reserve Fund.

The General Fund shall be the amount paid in on account of premia each year at the February and August general meetings.

A Reserve Fund shall be created to meet calamitous years and shall be formed from—

(1) Fines.

(2) Entrance fees.

(3) Donations.

(4) The excess amount of receipts over expenditure in each year as declared by the Registrar in February after premia due to Central Reinsurance Society and indemnities accruing in the past year have been paid.

(5) Interest accruing on Reserve Fund investments.

The Reserve Fund and other monies shall be deposited in the Upper Burma Central Bank.

Withdrawals from Reserve Fund can only be made with the approval of the Registrar ; of other money deposited in the Central Bank, by the Chairman and two Committee men.

When the Reserve Fund has reached 5 per cent. of the sums assured, a dividend to custom may be paid.

Deaths and Payment of Indemnities.

When an insured beast dies, the owner must report the death to and get it vouched for by at least two members or one of the " experts. "

He must then report it to the Committee with all the circumstances ; the Committee will then help him to arrange for the best sale possible of the meat and skin.

Where a third party is liable, the owner must have taken all possible action against him before receiving any indemnity.

The Society will not pay as indemnity more than two-thirds of the value of the beast. The proceeds of skin and meat, and any compensation the member may have got from a third party, will be deducted from the amount payable by the Society.

Example: A beast valued at Rs. 45 dies. Skin and meat are sold for Rs. 10. The Society will pay $\frac{2}{3}$ of 45 = 30 less 10 = 20 only.

Payment of indemnities will be ordinarily made at the half-yearly general meeting but the Committee may pay on account if funds permit.

If there is *reinsurance* the amount payable by the Reinsurance Society may be paid at once.

If funds are insufficient the Reserve Fund may be drawn on with the consent of the Registrar but not up to more than half of its amount in any one year.

If funds still remain insufficient, indemnities must be proportionately reduced for all deaths of the year.

If the Committee thinks veterinary assistance is necessary, any amount paid to a veterinary doctor will be borne half by the member and half by the Society.

Management.

The Society shall be managed by a Committee of from five to nine members named for two years (quorum shall be three to seven); at the end of two years two shall retire (selection by lot) but be eligible for re-election.

The Committee shall appoint a Chairman, Vice-Chairman and Secretary. The Chairman shall be Treasurer. All services shall be gratuitous. The opinion of the majority shall prevail.

It shall supervise the work of the three experts and assist them. It shall supervise the tending and use of the animals insured. It can decide on what sanitary measures should be taken and all such measures each member is bound to carry out.

At the commencement of each half year (August 1st and February 1st) there shall be a general meeting convened by the Chairman at which valuations shall be revised, premia paid, indemnities paid and questions discussed.

All members must attend. Absentees without good reason will be fined Re. 1.

At General Meetings each member shall have one vote only.

Each year at the February 1st General Meeting the Committee will submit a Balance Sheet and Annual Report. The General Meeting may then raise the premium rate and impose an entrance fee for new members.

Elections for the new Committee men shall be at the February 1st General Meeting.

Resolutions passed by a majority of those present shall be binding on all the members.

Disputes.

Disputes between the Society and a member shall be settled by arbitration. Abitrators shall be members, one being appointed by each party. In case they disagree the Registrar shall decide or he may appoint an umpire to decide. The decision of the Registrar or the umpire shall be final and not removable into any Court of Law.

Modifications of Bye-laws can only be made as laid down in the Local Government Rules and when approved by the Registrar.

Dissolution can only be made as provided for in sections 21 and 23 of the Co-operative Credit Societies Act and any surplus funds will be allotted to some local work, added to the Reserve Fund of the Village Co-operative Credit Society if there be one, or, failing that, added to the Reserve Fund of the Upper Burma Central Bank.

(C) DRAFT BYE-LAWS OF UPPER BURMA CATTLE REINSURANCE SOCIETY, LIMITED.

Objects, etc.

1. The Society shall be called the Upper Burma Central Cattle Reinsurance Society, Limited.

The registered office is at Mandalay.

It is registered under Act II of 1912.

2. The objects of the Society are to provide for the reinsurance by registered Societies which are members of it of part of the risks they undertake in respect of the insurance of plough cattle by their members.

In these bye-laws Central Society means the Upper Burma Central Cattle Reinsurance Society, Limited.

Scope of Insurance.

3. The Central Society will only do reinsurance business with Cattle Insurance Societies—

(1) which are registered under Act II of 1912 ;

(2) which are situated in the districts of—

Mandalay, Shwebo,
Sagaing, Kyaukse,
Meiktila,

and such other districts as the Committee, with the consent of the Registrar, shall add to the above list.

4. The Central Society will not reinsure to an affiliated Society a sum exceeding half of that which such Society is liable to pay in indemnities to its members.

Membership.

5. The members shall consist of—

(1) Such registered Mutual Plough Cattle Societies as agree to accept the bye-laws of the Central Society and apply for admission to and are admitted by the Committee and pay such part of their premium income as may be arranged. Such Societies shall be called affiliated Societies.

(2) Honorary members elected by the General Meeting, provided that during the first year of the Central Society's existence Honorary members may be appointed by the Registrar, Co-operative Societies.

6. Cattle Insurance Societies admitted as members must maintain such membership for one complete year at least and shall not be permitted to withdraw for three years after receiving an indemnity from the Central Society.

7. Withdrawal in accordance with the above bye-law will be permitted after three months' written notice has been given to the Committee of the Central Society.

8. Expulsion of an affiliated Society may be made by the Committee of the Central Society with appeal to the next General Meeting thereof for grave faults, fraud or deceit, for failure to abide by the bye-laws of the Central Society, or for inattention to the bye-laws of the affiliated Society by its members or officers, or for refusal on the part of the members of such affiliated Society to carry out the sanitary orders of its Committee or of Government.

Reinsurance.

9. An affiliated Society shall be entitled on payment half-yearly in advance of a proportion of the premium income which it has collected from its members for the said half-year which shall not be less than one-fourth or exceed one-half, to be reinsured by the Central Society for an equivalent proportion of the indemnities

which it is liable to pay to its members within the same period of six months. Provided that the affiliated Society must report deaths of cattle in respect of which it is liable to pay indemnities within three days of the death, with full details as to the—

(1) Value for which each beast that has died was insured at the last half-yearly valuation ;

(2) The cause of death ;

(3) Due payment in advance by the member of his premium to the affiliated Society.

(4) If the death be due to contagious disease the steps taken to prevent the spread of such disease, the date of report to the Township Officer or Veterinary Officer and to the Registrar, Co-operative Societies.

A copy of this report must be sent at the same time direct to the Registrar.

10. The affiliated Society must also submit a certificate duly signed by the Chairman and two Committee men that the bye-laws of the affiliated Society have been duly observed in the matter of the member and the affiliated Society.

11. On receipt of such report and certificate the Central Sociey will remit to the affiliated Society the amount of indemnity for which it is liable.

12. If it later transpire that such payment has been obtained by fraud or concealment of important information on the part of the affiliated Society or of its Committee or officers or of the member claiming the indemnity, the members of the affiliated Society shall be bound to make good the amount so paid jointly and severally to the Central Society.

FINANCE—PREMIA—RESERVE FUND.

13. The premium in respect of reinsurance shall be paid so as to reach the Central Society within ten days of the date fixed for receipt of premia by an affiliated Society from its members.

If the period of ten days be exceeded the Central Society will not be liable for deaths occurring between the date fixed for payment of premia by members to the affiliated Society and the date of receipt of the premia by the Central Society.

14. Premia shall be due half-yearly and shall be paid in advance.

15. The Central Society shall in consultation with the Registrar, Co-operative Societies, from time to time fix the minimum rate of premium to be levied by affiliated Societies, and such Societies shall be bound to levy such rate.

16. The funds of the Central Society shall be—

A.—The General Fund.

B.—The Reserve Fund.

C.—The Government Guarantee Fund.

17. The General Fund shall consist of—

(1) The premium income received from affiliated Societies.

(2) Donations by individuals.

18. The Reserve Fund shall consist of—

(1) The excess amount of General Fund receipts over expenditure in each year as declared on February 1st by the Registrar after indemnities accruing in the past year and such amount in liquidation of loans from Government as may be fixed by the Registrar have been paid.

(2) Interest accruing on Reserve Fund investments.

19. The sums borrowed from Government in accordance with its guarantee shall be repaid yearly, commencing at least from the close of the sixth year, out of the General Fund and from the Reserve Fund, provided that if repayment is made from the Reserve Fund the total so paid to Government in any one year shall not exceed 20 per cent. of the Reserve Fund as it stood on the first day of July preceding.

20. The Government Guarantee Fund shall consist of sums lent by Government under an agreement with the Central Society to enable such Society to pay indemnities to affiliated Societies which it cannot pay from the General or Reserve Funds.

21. The General Fund shall be deposited with the Upper Burma Central Bank, Limited.

22. The Reserve Fund shall be deposited in a separate account in the National Bank of India, Mandalay. It shall not be drawn upon except with the Registrar's consent and not more than 70 per cent. of it in all shall be drawn upon in any one year to meet indemnities and to liquidate the loan, if any, from Government.

23. The Society's year shall end on 30th June.

MANAGEMENT.

24. The Society shall be managed by—

(1) The General Meeting.

(2) The Committee.

(3) The Manager.

25. The General Meeting shall meet at least once a year in or about August and shall, amongst other matters, deal with—

(1) The election of the Committee.

(2) Complaints by members against the Committee.

(3) The fixation of the premium rate to be levied by affiliated Societies.

(4) The enactment, amendment or repeal of its bye-laws.

(5) The appointment of the Manager, provided that pending the holding of a General Meeting the Committee may appoint a Manager provisionally.

(6) The Registrar's yearly audit report.

(7) The Balance Sheet.

26. A Chairman of the General Meeting shall be elected for each meeting.

27. The General Meeting shall consist of—

(*a*) Honorary members.

(*b*) One delegate from each affiliated Society.

(*c*) During the currency of the agreement by Government to support the Central Society with loans under bye-law 20, a representative of Government appointed by the Financial Commissioner.

28. A quorum shall be obtained if five honorary members, delegates of 5 per cent. of affiliated Societies, and the Government representative are present.

29. Each honorary member and affiliated Society delegate shall have one vote only. The Government representative shall have five votes.

30. In case of equality of votes for and against a motion, the motion shall be held to be lost.

31. *The Committee* shall consist of—

(*a*) *Ex-officio* all Honorary members.

(*b*) Ten Chairmen of affiliated Societies elected by the General Meeting.

(*c*) The Manager.

32. The Committee shall be elected yearly by the August General Meeting.

33. A quorum shall be obtained if five members of the Committee are present.

34. The Committee shall meet at least once quarterly and shall deal with the admission to, and expulsion from, membership of registered Mutual Cattle Insurance Societies.

It shall examine the Society's books of account, the expenditure, and such other details of management as it thinks fit.

35. It shall prescribe rules for the guidance of the Manager.

36. It shall satisfy itself that business is being conducted with punctuality and in accordance with its rules of management, the bye-laws, Co-operative Societies Act and Rules.

37. The members shall serve gratuitously.

38. It shall cause a balance sheet to be made out for each year ending the 30th June and submit the same and a report of the years' working to the August General Meeting and copies to the Registrar, Co-operative Societies. Subject to the control of the Committee and General Meeting the administration of the Society shall vest in the Manager.

39. The Manager, who may be an honorary or paid officer, sall be bound to carry out the instructions of the General Meeting and Committee and to keep full and prepare accounts in the forms prescribed by the Registrar.

Disputes.

40. Disputes between the Society and a member shall be settled by arbitration. Arbitrators shall be members, one being appointed by each party. In case they disagree the Registrar shall decide, or he may appoint an umpire to decide. The decision of the Registrar or the umpire shall be final and not removable into any Court of Law.

General.

41. Modifications of the bye-laws can only be made as laid down in the Local Government Rules and require the approval of the Registrar.

Dissolution.

42. Dissolution can only be made as provided for in sections 39 to 42 of the Co-operative Societies Act, II of 1912.

43. Any surplus funds remaining after dissolution will be allotted to some local work or added to Reserve Fund of the Upper Burma Co-operative Central Bank.

G. M. Press, Simla.—No. 163 R. & A.—11-11-13.—900.—B. A.

Proceedings of the Seventh Conference of Registrars of — held at Simla in October 1913.

No. 793.

REVENUE DEPARTMENT.

Bombay Castle, 26th January 1914.

Circular letter from the Government of India, Department of Revenue and Agriculture (Land Revenue), No. 24-324—2, dated 8th November 1913:—

"In continuation of this Department's Circular letter* No. 16, dated the 21st July 1913, I am directed to forward for the information of His Excellency the Governor in Council 170 copies of the Proceedings of the Seventh Conference of Registrars of Co-operative Societies which assembled at Simla in October last together with copies of the statements showing the progress of the co-operative movement in India during the year 1912-1913. Any remarks which the Government of India may have to make on the Proceedings will be communicated later.

"2. The number of copies supplied includes 69† copies for distribution to newspapers."

† (Includes ten for Editors' tables).

Circular letter from the Government of India, Department of Revenue and Agriculture (Land Revenue), No. 25, dated 21st November 1913:—

"I am desired to invite attention to the Proceedings of the Seventh Conference of Registrars of Co-operative Societies, copies of which have already been forwarded to you.

"2. As regards heads Nos. I, II, III, V, VI, IX, X, XI, XII, XVI, XVII and XVIII, the subjects dealt with, and the recommendations made, will doubtless receive the attention of the Local Governments and Registrars, but no special orders of the Government of India are required at the present time. The proposals of the Sub-Committee as regards the definition of working capital (head VIII) are accepted by the Government of India, and I am to request that the footnote to Statement I of the statements forwarded with this Department's Circular‡ No. 5-265—14, dated 20th February 1913, may be altered so as to run:—

'By "working capital" in Statements I-A, B & C is meant the total of columns 14 to 18, 21 and 22 of Statement III.' As regards head No. XIV the Government of India concur with the Conference in holding that no change in the actual heading of column 31 of Statement II need be made, but that it should be understood that this column is intended to apply to that portion only of the reserve which is invested.

"3. The Government of India propose to deal separately with the points raised in heads IV (Takávi), VII (ascertaining debts), XIII (remittance), and XV (relations of District Officers to the movement), and you will, if necessary, be further addressed on these matters later on."

RESOLUTION.—Copies of the letters from the Government of India No. 24—324-2, dated 8th November, and No. 25, dated 21st November 1913, should be forwarded to the Commissioner in Sind and the Director of Agriculture and of Co-operative Societies for information and guidance.

2. As regards *Subject VI—Future interest decreed by Civil Courts in suits instituted by Co-operative Credit Societies*—the decision of the Conference was that it was not possible to approach Government on the subject of legislation for increasing the interest on costs awarded to Co-operative Societies or as regards future interest and that the suggestions made by Mr. Ewbank were worthy of consideration. The Registrar should be requested to make definite proposals for removing the disabilities under which Co-operative Societies are working at present in their dealings with a defaulting member.

3. *Subject IX—Desirability of framing rules for the supply to the public of certified copies of public documents relating to Co-operative Societies.*—The Conference adopted the Resolution of the Sub-Committee, which was as follows:—

"The Sub-Committee thinks that a rule under section 43 of the Co-operative Societies Act (supposing an additional provision in the Act be

* *Vide* Government Resolution No. 7317, dated 8th August 1913.

‡ Do. do. do. No. 2722, dated 20th March 1913.

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on 31 October, 2019

unnecessary) is desirable to define the classes of documents in a Registrar's office which the public have a right to inspect, and to prescribe fees for the supply of certified copies of such documents."

Rules for the working of Co-operative Societies, published in Government Notification No. 2500, dated 14th March 1913, do not contain such a provision, and the Registrar should be requested to submit through the Remembrancer of Legal Affairs the requisite draft rule for the approval of Government.

4. *Subjects* X, XI and XII.*—The attention of the Registrar should be invited to the Resolutions of the Conference on these subjects.

* X.—Limitation of loans to members.
XI.—The form in which the reports of Provincial Co-operative Conferences should be drawn up.
XII.—Standardising certain terms used in Co-operative Societies.

5. *Subjects XVI and XVII—Cattle Insurance.*—The Registrar should be requested to report whether cattle insurance can be undertaken in this Presidency, and, if so, to make definite proposals on the subject.

C. W. A. TURNER,
Under Secretary to Government.

To

The Commissioner in Sind,
The Commissioner, N. D.,
The Commissioner, C. D.,
The Commissioner, S. D.,
All Collectors, including the Collectors in Sind and the Deputy Commissioner, Upper Sind Frontier,
The Director of Agriculture and of Co-operative Societies,
The Registrar of Co-operative Societies,
The Superintendent of Land Records and Registration in Sind,
The Remembrancer of Legal Affairs (with a copy of the Proceedings and the Statements),
The Accountant General,
The Judicial, Political and Financial Departments of the Secretariat.

No. of 1914.

Copy forwarded for information and guidance to

LIBRARY OF THE BOMBAY BRANCH OF THE ROYAL ASIATIC SOCIETY